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NEWS SUMMARY

GENERAL

Sadat revokes Soviet treaty

President Sadat last night renounced the 15 year treaty of friendship which Egypt signed with the Soviet Union in 1971. Frustrated by Moscow's refusal to re-schedule Egypt with arms or to re-schedule the Government's counter-inflation policy has been the Bank of England Bulletin last week suggested that the earnings figure may not be as low as the 16 limit should have produced. Page 4

If this was the Soviet conception of a friendship treaty, then the document was nothing more than a scrap of paper.

President Sadat is due to begin a tour of West Germany, Italy and France in two weeks time. Page 7

Irish find bomb factory

Four tons of bomb-making chemicals and other equipment were found by Irish police during the week-end in an isolated farm near Farbane in Co. Offaly.

Warnings of fresh attacks in Britain were issued by the IRA over the week-end. Back Page

Normal rail services resume

Eastern Region rail services, which were disrupted for weeks of last week by unofficial strikes, are expected to be back to normal this morning. Drivers at King's Cross, London, and strike-bound depots, returned to work over the week-end following a union-management agreement.

Cuban leader in West Africa

Dr. Fidel Castro, the Cuban Premier, arrived in Guinea last night to meet Dr. Agostinho Neto, leader of Angola's MPLA regime, whose victory in the Angolan civil war was aided by Cuban forces. Castro is on his way home from the Soviet Party Congress in Moscow. Back Page

Query on Smith's hired Britons

Mr. James Callaghan, Foreign Secretary, is to be asked in the Commons to act immediately in the reported movement into Rhodesia of British mercenaries. Page 4. According to figures issued in Salisbury Rhodesia's military and economic problems are contributing to a serious divorce rate.

Hope abandoned for 14 trawlermen

All hope has been given up for 14 French trawlermen who were swept into the sea in 90 mph waves. After a 48-hour search the Navy said yesterday that there was no chance that any of the missing men could still be alive.

Spanish tank major arrested

Another Spanish officer—a major in the armoured corps—was arrested following last week's leaks to the Press about the underground Military Democratic Central Union. Near San Sebastian, a taxi driver was shot in a killing which police blamed on ETA, the Basque guerrilla group. In Rome last night, a man was shot dead and two were injured when police fought with demonstrators outside the Spanish Embassy to the Vatican. Page 7

Briefly . . .

Hydrogen bomb with a 500-1,000 kiloton yield which was detonated underground in Nevada yesterday carved a swollen cavern deep enough to hold the Empire State building. Iran is to backdate its Islamic solar calendar by 1,900 years to the time when Cyrus the Great established the first Persian empire in 533 BC.

BUSINESS

Tighten closed shops—Murray

MR. LEN MURRAY, TUC general secretary, has advised unions to tighten existing closed shop agreements to prevent individuals making successful claims of unfair dismissal against employers following the case of the "Ferrybridge Six". Back Page

RETAIL PRICE figures due this week, combined with those for earnings, will demonstrate how successful the Government's counter-inflation policy has been. The Bank of England Bulletin last week suggested that the earnings figure may not be as low as the 16 limit should have produced. Page 4

WEST EUROPEAN economies, running at about 10 per cent. below capacity, are at a stage when the chances of sustained recovery are evened out, according to the United Nations Economic Commission for Europe. Page 7

ISRAELI POUND was devalued by nearly 2 per cent. to 7.52 to the U.S. dollar last night. Prices of basic foods rose 20-25 per cent. following a Government decision to reduce subsidies. Page 7

Dow Chemical raises prices of raw plastics

DOW CHEMICAL is to increase styrene monomer price by 10 per cent. and butadiene 8 per cent. in all West European countries from April 1. Back Page

FORKLIFT truck manufacturer, Lanchester, has announced a restocking programme to build levels 20 per cent. above present requirements by summer in anticipation of a revival in trade next year. It is seriously worried about the ability of their suppliers to meet demand after the recession. Page 4

FRED OLSEN and Seaplane Ferries have formed a joint organisation to expand roll-on/roll-off services to the Middle East. Page 4

REDUCTION in scheduled aircraft seats across the North Atlantic from April 1 is being sought by Department of Trade officials in U.S. talks. Page 4

LONDON Chamber of Commerce says it is receiving a growing number of calls from foreign embassies concerned about the growing tide of professionalism in Britain. Back Page

Teeves plans U.S. factory

ALFRED TEEVES, the West German broke manufacturer, plans to establish one of the first European car component factories in the U.S. at Culpeper, Virginia, in a year. Contracts to supply one of the big U.S. manufacturers were signed within a month.

EXECUTIVE of the Institution of Professional Civil Servants will recommend affiliation to the TUC at the union's May conference, despite rejection of the move in a referendum last year. Page 8

ASTMS executive has joined the campaign by several major unions for a special TUC conference before support is given to a second round of voluntary pay restraint. Page 8

COMPANIES

NATIONAL WESTMINSTER chairman says banks are ready and able to provide the finance needed to support economic recovery. Further public ownership in industry or finance are "entirely irrelevant to our present needs." Page 4, Page 22 and Lex

COPE ALLMAN first-half profit fell to £1.83m. Directors expect profits for the second half to be considerably more than those for the same period in 1975. Page 22

Need for firm action to restore stability to snake

EEC Ministers try to steady currencies

BY DAVID CURRY, BRUSSELS, March 14

IN AN atmosphere of grave concern over the unrest in foreign exchange markets, the Finance Ministers of the countries whose currencies belong to the EEC "snake" met here this evening to discuss what action could be taken to stabilise the situation.

The Finance Ministers of all the Common Market countries—including Britain, Ireland and Italy—met here to discuss the situation.

The major issue they face is how to deal with the problems of the French franc and its membership of the EEC at floating arrangement (the snake). The franc came under heavy pressure in last week's currency turmoil. Support to stop it dropping through the floor of the snake is estimated to have cost French reserves some \$1bn. In the final two days alone.

It has been widely suggested that Ministers will have no choice but to take drastic action to stop the rot at to-morrow's meeting. Unconfirmed reports from Italian sources last night stated that the Ministers of the snake countries agreed that the franc should be devalued by 5 per cent.

and the German D-mark revalued by the same amount. According to the same reports, the French Government has demanded a fundamental reassessment of the snake.

Official sources in London confirmed that the meeting had taken place, but added that no decision had been conveyed so far to the British Government.

In the wake of the similar party tremors last February, Ministers were content to reaffirm their confidence in the existing structure of the snake, a confidence which was repeated at the Giscard d'Estaing-Holmuth Schmidt Franco-German summit meeting.

Mr Denis Healey, the Chancellor of the Exchequer, is expected to face strong criticism at to-morrow's formal meeting of the Ministers for the U.K.'s handling of the past week's events. The pound has been devalued by about 5 per cent. since the associated unrest on the exchange markets and other EEC currencies is being blamed in France for the current pressure on the franc.

The Chancellor is likely to reject the suggestion that the pound should be devalued by 5 per cent. "engineered" by the U.K. It is "in line with British policy to allow the pound to decline in relation to other currencies as long as the U.K. inflation rate is substantially higher than in other industrial countries. But

the fall last week is regarded as a market adjustment after a period of some three months in which sterling has been relatively firm.

While it is acknowledged that the movement got out of hand at times, the U.K. authorities point to the total of some \$750m. spent on intervention in the markets last week as a sign that Britain did its best to avoid exceptional strain on the market in line with the agreement reached at Rambouillet last year.

Paris is very worried about the prospect of competitive devaluations in Europe after the recent de facto falls of the British pound, the Italian lira and the Spanish peseta. The snake system dates from April 1972, and limits the difference in rate between participating currencies at any given moment to 2.25 per cent. of the mutual EEC parities. The Benelux countries had already decided six months earlier to limit the difference in rate between the guilder and the Belgian franc to 1.5 per cent. of their mutual parity.

The expected devaluation of the French franc would be likely to cause a small downward adjustment of the Belgian franc, which has already been subject to sharp pressure on the foreign exchange markets although in February the Government said that it was determined to defend its parity.

The British and Irish pounds and the Italian lira have dropped out of the snake and there is no early prospect of their renewed membership. The Norwegian and Swedish crowns belong to the snake. The French franc was a founder member but left the snake in January, 1974, for a period.

At the Rambouillet conference in November last year it was decided to curb erratic exchange movements as much as possible by intervention in the exchange market. The U.S. made it clear that the term erratic covered only incidental movements and that the interventions would not be directed against fundamental market trends.

The tension in the snake derives, in the Brussels view, from the differing success of EEC countries in controlling inflation. Germany's relatively successful containment policy has made the mark desirable while the French franc, Belgian franc and Danish crown have all suffered from relatively permissive inflation rates in their home countries.

The tension tends to be perpetuated because of the absence of harmonised economic policies within the Community. Equilibrium within the snake, it is argued, can only come about if the more inflation-prone countries are forced to adopt policies which will bring their inflation rates in line with those of the more successful countries.

Grimond: If I returned as Leader . . .

BY PHILIP RAWSTORNE

MR. JO GRIMOND, the Liberal elder statesman, stirred the party's leadership controversy yesterday by apparently signalling his readiness to be drafted for another term as party leader.

"If by some extraordinary fluke or peculiar situation, anyone wanted me back as leader, they would have to face up to it—I should be there from five to ten years," he said in a BBC radio interview.

Mr. Grimond, who is 62, later denied that he was a candidate or had any aspirations to replace Mr. Jeremy Thorpe. But his remarks excited a great deal of Liberal Party attention.

Though Mr. Grimond, who is 62, later denied that he was a candidate or had any aspirations to replace Mr. Jeremy Thorpe, his remarks excited a great deal of Liberal Party attention.

He said: "I am not a candidate for the leadership of the Liberal Party—temporarily, permanently or in any other way. I believe we must resolve the problem at once."

Some Liberal MPs and senior party officers believe that a second term for Mr. Grimond, who led the party from 1958-61, could be the most dignified and politically astute answer to the party's problems. He will inevitably now be pressed to enter the lists.

Mr. Thorpe, who has now agreed to an early leadership election, was involved at the week-end in a renewed spate of allegations over the Norman Scott affair.

In a statement, Mr. Thorpe described Mr. Scott's allegation of a homosexual relationship as "pure moonshine." Mr. Scott, repeating his claims, said that Mr. Thorpe's statement was libellous and he would be consulting his solicitor.

The Liberal Leader's agreement to contest an early election merely anticipates the feelings of the overwhelming majority of his MPs, which will be reported to him at the forthcoming party meeting on Wednesday.

Mr. Alan Beith, the acting Chief Whip, said: "After the head-count conducted by Mr. Beith in the past few days, there is now some speculation whether Mr. Thorpe will be able to command enough support among the MPs to allow him to stand for re-election."

Two-thirds of the Liberal MPs are in favour of a change of leader.

Events are moving inexorably, however, towards settling the issue by the end of April. Mrs. Margaret Winfield, the party president and other senior members of the party, are expected to attend the Commons meeting on Wednesday and have arranged a further meeting for Saturday to discuss the practical arrangements for a leadership totally false, said Mr. Thorpe.



MR. JO GRIMOND
No "caretaker"

election at the earliest possible date. The main question to be decided is whether a special assembly will be required to ratify new election rules extending the vote to the constituency associations, or whether the wider party opinion can be registered without this procedure.

Mr. Thorpe's interest in the outcome is critical. He can still count on a great deal of loyalty from the party rank-and-file. Mr. David Austin, former MP for Ripon, claimed at the week-end that many of the party's candidates remained "loyal" in favour of Mr. Thorpe's leadership. He has received messages of support from a number of constituents.

But the Young Liberals, at the week-end, said that Mr. Thorpe should stand down for a "caretaker" leader, either Mr. Grimond or Mr. Richard Wainwright to take over.

Other sections of the party also appeared to be moving against Mr. Thorpe in the wake of Mr. David Steel's call for the party to make up its mind "within weeks, not months."

In his statement on the Norman Scott affair yesterday, Mr. Thorpe said that he had been accused of hiring a gunman, at a five-figure sum, to kill Mr. Scott and his dog. The Government was alleged to have contributed to the cost and the gunman identified as either his helicopter pilot or a Liberal worker.

It had also been claimed that the Liberal Party, Lord Byers and others had paid Mr. Scott's legal costs to keep him quiet and that his (Mr. Thorpe's) name had been involved in, or knew party president and other senior members of the party, are expected to attend the Commons meeting on Wednesday and have arranged a further meeting for Saturday to discuss the practical arrangements for a leadership totally false, said Mr. Thorpe.

Beirut deputies support bid to oust President Franjeh

BY HSNAN HIJAZI

THE SITUATION in Lebanon to-night is one of complete political and military deadlock. President Sleiman Franjeh, refusing to heed both parliamentary demands for his resignation and a threat of military action to remove him.

Brig-Gen. Abdel Aziz al-Ahadb, who on Friday proclaimed himself provisional military governor of Lebanon, warned to-night that although he knew violence meant there would be victims, "the man who stood against the wishes of the people must bear full responsibility for the consequences."

President Franjeh refused to resign despite a call on him to do so by 74 Deputies, three-quarters of the Parliament. He was reported to have said privately to visitors: "If they want me out, they will have to carry me out."

Today, he refused to receive the petition by the Deputies asking him to resign. This was considered by the Deputies as an outright insult to Parliament. Troops loyal to Mr. Franjeh, and backed by Right-wing military units, yesterday seized control of the garrison at al-Fayyadiyah located outside Baabda on the main Beirut-Damascus highway. The move was by Col. Antoine Barakat, who, like Franjeh, is a Maronite Christian, hailing from the President's home town of Zgharta in the North.

Loyalist Christian forces are also in control of the big garrison at Gerba and the nearby base at Jounieh some ten miles north of here.

However, all the garrisons in South Lebanon and three in the north have fallen to the army rebel movement led by Lt. Ahmed al-Khatib and which is self-styled "the Lebanese Arab Army." Several garrisons in the Beirut area have also fallen to the rebels.

These are separate from the "Corrective Movement" led by Brig-Gen. al-Ahadb.

Lt. al-Khatib declared support to Gen. al-Ahadb's bid to bring Franjeh down, but insisted that before he joins hands with him, Gen. al-Ahadb must endorse the reforms demanded by the Lebanese Arab Army. These mainly call for restructuring the Lebanese Army on a new foundation and devoting the military energies to the confrontation with Israel.

According to informed Press quarters, several fighter planes stationed at the airbase of al-Qolaiat in the North have been fuelled for possible action against the presidential palace at Beirut airport and the nearby Fayyadiyah garrison. The Qolaiat base had fallen to al-Khatib's men last week.

Al-Khatib was also reported to be besieging the main airbase at Rayak in the Bekaa valley 35 miles east of here. The airbase at Beirut airport is still neutral and follows the General Arab Command under Major General Hanna Saad-J, the commander in chief. The General Command, though sympathetic with al-Ahadb, has not taken sides in the conflict.

The Left, under Mr. Jumblatt, have warned if Franjeh does not resign, "the revolution will continue for our complete control of power. Press reports said the Left would then form a Provisional Government and call for Arab recognition."

The Right-wingers are still siding with Mr. Franjeh. Camille Chamoun, the interior Minister in the Cabinet of Premier Rashid Karami, backed Franjeh's refusal to resign and urged the military to go back to their barracks.

Pierre Gemayel, the leader of the Phalangist Party, said he and other Phalangist deputies would sign the petition calling on Franjeh to resign only if the latter agrees to quit willingly.

Sympathetic

Gen. al-Ahadb said he was seeking co-ordination with al-Khatib, and political sources indicated that Left-wing leader Kamal Jumblatt was trying to bring them together.

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Time runs out for sea law deal

BY MALCOLM RUTHERFORD

THE UNITED NATIONS Conference on the Law of the Sea resumes in New York today, but despite a general awareness that time is running out, there seems little chance of an international agreement this session.

The conference, however, remains far from agreement on a number of issues, some of which go way beyond fishing. Indeed, there is something approaching consensus on only two major points: the establishment of 12-mile territorial limits and, beyond those, of a further 188-mile exclusive economic zone.

At the end of the previous session in Geneva last May, the conference accepted what was called an informal single negotiating text. In effect, this was an emergency operation designed to prevent a total breakdown.

The text falls into three parts, each of which was drawn up by the chairman of the relevant conference committee: the international seabed, general questions concerning the law of the sea, and marine research and environmental protection. It is unique in that it is a compromise of views expressed rather than a draft agreement.

Among the most difficult outstanding issues is that of the establishment of an international regime for the exploitation of resources beyond the 200-mile zone. It has been declared in a UN resolution that these are

under "common heritage of mankind," but there is a conflict between industrialised countries with the technology to make exploitation economically viable, and the developing countries which want to establish the regime as part of the "new international economic order" which would re-distribute the world's wealth.

There is also a dispute about jurisdiction over the Continental Shelf, which affects mainly oil and gas exploitation. Britain would like jurisdiction to extend beyond the Shelf, which covers about seven per cent. of the ocean floor, to the outer edge of the Continental margin, which covers about 21 per cent. As on a number of other issues, its position is more in line with that of other coastal states rather than its European Community partners.

Further disputes which could still wreck the conference concern the right of passage and overflight in what will become national waters, and the claims to economic zones by islands and archipelagos.

The New York session is due to run until May 7, but it should be clear well before then whether a further session is required in theory, all participants accept that there must be a package agreement on all issues rather than agreement on some and a decision to leave others till later.

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مكتبة النحل

Patrick Allen and Marcello Romo

by WILLIAM PACKER

Painting objects that are as enjoyable as they are interesting. But they are none the less serious for their dealing as they do, aptly and economically, with the plastic and sculptural qualities of the form and structure. From carved columns he has moved on to towers and piles of things, buildings and then propping them up in short of the point of collapse, achieving a very equitable and perversely adequate stability.

The disaster seems imminent, but never comes. Chalk blocks and lead plates lean critically and yield by a weight so nicely adjusted that we can hardly bear to make a practical attempt to shatter them, and the attempt is abandoned. A house of cards. A tower of wooden bricks arches over more spectacularly, held up by an internal rope: a complete rope maintains itself by an evening rope: a spiral column of heavy chalk blocks is held in place by a single and leaning rope. A fragile and leaning support. A neighbour in mutual support. The engineering in each case explains itself: there is no trickery or sleight of hand, but the singularity, the simple authority that each possesses, makes it much further beyond any demonstration, in the rather unimpressive, in the territory of ancient monuments and trophies, ceilings, standing stones, signs and markers of all kinds. These fascinating objects may be seen at Garage until March 20.

At the Angela Flowers Gallery, 10, Avenue de la Grande Armée, showing, with the title *Into question* the nature and properties of his chosen medium, in his case a particular kind of Painting; and, like Pope, he does so wittily and aptly. He is a surrealist, with a penchant for the irrational and the paradoxical. *He finds such things as mirror images, and their denial or realization, false perspectives, circular progressions, the snake absorbing its own tail, the irresistible, the inevitable, and his work has tended to be somewhat repetitive as a result. And given the easy literal reading of his subject-matter, he has slipped at times into simple illustration that make a facetious point. Moreover, he is not a naturalist, and his work is not a work of grossly self-protective and impersonal, the linear description of the image an almost mechanical simplification. His paintings are never seductive, and can be uncompromisingly vulgar. But limitations and self-imposed are always agents of definition; and by working through persistently, the artist may well achieve an authentic personal statement.*

This is Hughes' most ambitious show, and his best so far. The large scale suits him anyway, but the sheer physical presence of some of the works is new, and exciting. The reliefs in particular work very well, and since they are not too big, they are why not? Two to two boats, one inverted to act the part of the other's reflection in the sea constitute a device he uses several times. As *Aslide as a Painted Ship upon a Painted Ocean*, its big sails are the main motif, the sails, the sea, the sky, the Gallery and will continue to do so until April 3.

by MAX LOPPERT

MAX LOPPERT

by ELIZABETH FORBES

Viennese light opera. The overture conjures up a military band more than a school for young ladies, but these particular young ladies are extremely high-spirited, and dance waltzes, gallops and even a can-can during their evening recreation. The plot hinges on the efforts of Charles, the young man in love with Lucia, one of the school girls, to obtain a post of registrar at the school; this he does by compromising Miss Augustina, the headmistress, and indulging in a spot of gentle blackmail, aided unwittingly by the school doctor, Dr. Melandri. And there—there Melanie and Ottilie—whose elaborate quartet is one of the most enjoyable pieces in the score.

by DAVID MURRAY

Tamás Vásáry is a Chopin player of great refinement and he does not let one forget it. His programme yesterday was of the moods-and-fancies sort, not meat for a *Klarinetzter*—the B minor Sonata and all the Preludes, prefaced by the early and winsome *Andantino* and concluding with *Romance, Jazari* (Je rends des Scapulaires' de Hérold et Halévy, op. 12. A *Klarinetzter* might, of course, choose to make a meal of such a programme; but Vásky kept his brilliance for the right place, and the first was a personal and a success. Those were not distinct factors, for he plays Chopin rather as some actors read poetry. He is disinclined to leave anything alone.

Fortunately, his incessant artifice is not his master; it was just what the Variations need, and there the result was delicious. With a trick of *rubato* in the second one which nearly created a fictitious 5/8 rhythm. After the posthumous A-flat prelude, there was an excellent and beautifully limp reading of the lonely op. 45 one. Vásky lavished attentive affection upon

the op. 28 set, removing the incipient chill from the minor, exposing the barefulness of the E-flat minor by keeping to its prescribed *Allegro pesante*, finding a stamping urgency for the G-sharp minor. The rapid finesses sparkled brilliantly, though the touch sometimes threatened the quickness of the hand deceived the ear—and sometimes Mr. Vásky's foot too: backward pedalling left the *Presto con fuoco* in a blur.

One might have liked a few more of the preludes to be played simply for the sake of the last bass D's with karate-chops was unnecessary. After the interval Vásky made amends with a severely controlled *Allegro* for the Sonata (though the rising chromatic left-hand scale was a little grimacing, a treble burden), and a quicksilver scherzo. The *Large* sounded heavily researched, at the expense of its long lines. As for the great Rondo, it truly blazed, but not with elemental fire—rather a cast of prim, aristocratic into too many sophisticated lights for that. One couldn't seriously complain.

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Price and wage figures pose new gauge for official policies

BY MICHAEL BLANDEN

THE PUBLICATION this week of new figures for retail prices and for the level of wage rates and earnings will further test the success of the Government's counter-inflation policy.

So far, the £6 pay limit has been generally observed in wage negotiations. It has begun to make a marked impact on the level of earnings, which responds to such restraints more quickly than the less sensitive wage rate indicator.

This success has led to growing confidence in the Government that it is on target in its aim of cutting inflation to around 10 per cent.

But some signs of concern about recent increases in earnings were apparent in last week's Bank of England Bulletin. It was suggested that the figures may not be as low as the £6 limit should have produced.

The Bank stressed the need for further restraint after the current pay policy period ended, suggesting that it would be reasonable to aim to halve the inflation rate again, to around 5 per cent, next year.

In December, the level of earnings was supported by overtime working. But the increase over the previous 12-month period was reduced again to 19.3 per cent, lagging further behind the 24.9 per cent rise in retail prices over the same period.

Upturn

January figures, to be released on Wednesday, may show a temporary upturn in the earnings comparison because of the exceptional circumstances a year before, which produced a fall in the earnings index. Nevertheless,

it is expected that the rate of increase in earnings will continue to slacken, while wage rates will show a down-trend in months to come.

The level of retail prices will continue to be affected for a while by the impact of high seasonal food prices—particularly the effects of the potato shortage. These factors will influence the February figures, due on Friday. Nevertheless, the rate of price inflation over the second half of last year was roughly halved from the level in the first six months.

Further support for the new generally accepted view that the U.K. economy has started to turn up from the bottom of the recession will also be looked for in the February retail trade figures, due to-day, and to-morrow's industrial production index figures for January.

Bank chief attacks State control

BY MICHAEL BLANDEN

PLANS FOR further public ownership in industry or finance, including the nationalisation of the clearing banks, are "entirely irrelevant to our present situation," says Sir John Pridemore, chairman of National Westminster Bank.

In his annual report to-day, he argues that the banks and other financial institutions are poised to provide the finance needed to support economic recovery. But to continue the gradual improvement which is beginning to emerge, he suggests, the Government has to avoid "ill-considered legislation" and ensure that it has the support of a united nation.

In relation to the banks, Sir John says, advocates of nationalisation "have produced no arguments to show how it increases ability to provide industry with medium-term finance or how it can meet the criteria of increased confidence, better employer/employee relationships and improved efficiency and standards of service."

Though demand for loans has been depressed in the past year, the chairman says, the bank has continued to give priority to financing creditworthy customers, both for working capital needs and for capital expenditure.

The group "has entered into

substantial medium-term commitments to industry and we are determined to maintain a flexible approach to industry's requirements to ensure that we can play a full part in the country's economic recovery."

Against the background of recent concern over institutional support for industry and the plans to establish a new "equity bank" in the City, the chairman says that National Westminster, together with other institutions, "is ready to provide industry with the necessary financial resources for a sustained recovery, with particular emphasis on investment and exports."

He remarks that there are now clear signs of a gradual improvement in the U.K. economy, though the economic upturn will be slower than in other industrial countries and unemployment may continue to increase during much of this year.

Sir John maintains that the Government's own deficit remains a problem, needing to be brought under control fairly quickly "so as not to crowd out the private sector's financial requirements."

For the economic recovery to be firmly based, he says "it is important that the progress of the fight against inflation is maintained."

New group for self employed

A NEW national association

has been established for the self-employed, including small businessmen and retail traders, and aims to recruit 25,000 members by the end of 1976.

The Independent Small Businessman and Retail Traders' Association will carry out two specific functions: the provision of cost-saving services and facilities, and the projection of a corporate voice for its members.

Accounting, business aid and insurance services will be offered. The principal objective of the association this year will be the introduction of a "proper earnings-related scheme allowing the self-employed community to enjoy the full benefits of pensions, social security and unemployment provisions through a revised national insurance contribution plan."

A further objective will be to ensure that the 8 per cent tax surcharge levied on self-employed people is repealed.

A management committee has been formed and Mr. Frank Bywater is to be the first general secretary. The association's headquarters is 56, Westway Hill, London, S.E.15.

Fred Olsen, Seaspeed in Arabia link plans

BY JOHN WYLES, SHIPPING CORRESPONDENT

A JOINT organisation aimed at expanding roll-off services to Saudi Arabia and elsewhere in the Middle East has been formed by Fred Olsen and Seaspeed Ferries.

The monthly sailings from Felixstowe, Rotterdam and Antwerp will increase to fortnightly, while a service every 20 days to Dammam, Saudi Arabia, will be started in April.

In addition to trailers and wheeled vehicles the new service offers to handle containers, loose conventional cargoes and large loads of up to 350 tons.

Other roll-off services to Saudi Arabia are run from the U.K. by Argiris Line and Waco Lines.

'No way out of deficit' for independent Scotland

BY PETER HENNESSY, LOBBY CORRESPONDENT

MR. EDMUND DELL, the Paymaster-General, in an outspoken speech on Saturday, met head-on the claims of the Scottish National Party that an independent Scotland would have a sufficient industrial base to survive as a separate economic unit with or without North Sea oil.

He told a rally of West Lothian Labour Party. Even on the unlikely assumption that all the oil went to Scotland there is one advantage from North Sea oil of which England cannot be deprived. That is relief from the cost of covering Scotland's enormous and perennial balance of trade deficits.

Mr. Dell cited research completed at Dundee University which, he said, demonstrated that over the period 1961-71 Scotland suffered a trade deficit in her goods and services of about 10 per cent of her gross domestic product, a figure three times that of the highest recorded for the U.K. as a whole in the same period. Scotland's present deficit might be even larger.

A strong Scottish pound, one of the benefits of independence frequently proclaimed by SNP spokesmen, would leave Scottish industry even less competitive than at present, causing massive unemployment in the industrial areas and an even larger trade deficit to be financed by oil revenue.

"The benefits of the oil would be disappearing with even greater speed than they seem recently to have disappeared from the grasp of some of the new oil-rich OPEC countries," he said.

Mr. Douglas Crawford, SNP spokesman on finance and industry and MP for Perth and East Perthshire, poured scorn yesterday on what he took to be Mr. Dell's suggestion that a strong currency was to be avoided and a weak one profoundly to be desired.

"This is an astonishing statement to make at a time when informed banking sources expect the pound sterling to be down to \$1.80 by the autumn. Any temporary gain on the exports swing will be lost on the import merry-go-round," he said.

in London and South Africa and that former Servicemen are being offered up to £100 a week to help Mr. Ian Smith's forces."

He said he would table Commons questions to-day to this effect, and demand that a strict check be ordered at all airports to ascertain the exact reasons why people were going to Southern Africa.

"I understand that the plan is that they should move out singly or in very small groups, unlike the bands of men who swarmed to Angola some time ago."

"At the height of the Angola business, Mr. Callaghan promised me directly in the House of Commons that he would look at methods of tightening legislation involving British nationals fighting other people's wars."

MR. JAMES CALLAGHAN, the Foreign Secretary, is to be asked to act immediately to halt the reported movement into Rhodesia of British mercenaries.

Mr. Gwynn Roberts, Labour MP for Cannock, said yesterday: "I shall be urging him to probe allegations that an under-cover operation to recruit British mercenaries for Rhodesia has begun

Further seat cuts sought on scheduled Atlantic flights

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.K. is to seek a further and there is likely to be some significant reduction in the number of seats offered by the scheduled airlines across the North Atlantic this year from April 1, when the summer season out on the route begins.

Officials of the Department of Trade are due to meet their U.S. counterparts in Washington, Chicago, Detroit, on Friday, when talks on air traffic matters begun some weeks ago are resumed.

In addition to the pressures for cuts in the numbers of scheduled seats offered for sale, the U.K. will be seeking an increase in the number of charter passengers it will be allowed to fly from the U.S. to Britain.

The U.K. in return, will seek U.S. approval of its new type of "charter fare"—the "One-Stop Inclusive Tour Charter" or OTC. This will enable Americans to have a holiday in this country at an inclusive rate for air fare, hotel and travel to and from the airports, that will be highly competitive with the normal cheapest scheduled air fare.

All of these are major matters, restrictions on the flights of

British Airways, Pan Am and National Airlines. The U.K. view is that the U.S. airlines serving the U.K. are in a "one British carrier" situation, the balance of the U.S. airlines being weighted in the U.S. favour.

At the same time, also discriminating in its own airlines, the U.S. is in a "one U.S. carrier" situation, the balance of the U.S. airlines being weighted in the U.S. favour.

Regarding the pin-point charter fare, the U.K. feels it is time for Atlantic air passengers to be extensively re-examined. This will be the aim of coming talks.

A number of Continental Airlines, for example, are known to be in a "one U.S. carrier" situation, the balance of the U.S. airlines being weighted in the U.S. favour.

Whatever agreement will probably form the basis of bilateral talks between the U.S. and Europe.

Lansing Bagnall builds components stockpile

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

LANSING BAGNALL, Britain's major forklift truck makers, is seriously worried about the ability of its suppliers to meet the demand when trade revives and has begun building "a strategic stock" of components.

The company will spend between £1m. and £2m. on the first phase of this programme to take its stock levels to 20 per cent above present requirements during the next three to six months.

Lansing Bagnall has had a series of discussions with its 100 key suppliers which together account for 70 per cent of its total requirements. Some have volunteered to hold the stock themselves.

Mr. Derek Larkins, joint managing director, says that already ten of the group's 800 components suppliers have gone out of business because of the recession.

"The rest of them we know are struggling to survive and they will survive but will emerge with a lower capacity. By talking to the key suppliers we hope to give them the confidence not to cut capacity."

"We know from previous experience about the way shortages of materials can build up when the industry comes out of the trough and demand builds up," he said.

As the order intake builds up through the year, so the build-up of the strategic stock—and the subsequent increase in capacity, with production about balancing the order intake.

There has been little build-up of stocks of finished or partly-finished machines.

With the order book down to 60 days against the minimum of 90 days which the company would normally look for, 370 of the 3,500 workforces are on a four-day working week.

But the company has avoided any compulsory redundancies and is continuing with a five-year expansion programme to raise capacity by about a third by 1980.

European group formed to test combat aircraft

A EUROPEAN consortium has been set up to produce advanced automatic test systems to support the operation of Europe's multi-role combat aircraft under the terms of a contract awarded by Panavia with Marconi-Elliott Avionic Systems, a GEC-Marconi Electronics company.

The MRCA will be operated by the RAF, the German Air Force, the German Navy and the Italian Air Force.

The contract is believed to provide the biggest potential order for automatic test systems for a single programme outside the U.S. and establishes a com-

petitive European base for the world market in this equipment. The consortium partners are Marconi-Elliott Avionic Systems as prime contractor and programme manager, with Siemens AG of West Germany and Selenia SpA of Italy as the other main contractors.

The deal provides work for all the consortium partners, including sub-contractors, Rohde and Schwarz of West Germany and the British Aircraft Corporation.

The test system will be used by MRCA's operators for testing the advanced avionics systems with which the aircraft is equipped.

FT CLIPPER

Kriter II beat record set by GI

BY ALEC BEILE

THE FRENCH ketch is well placed to challenge sailing record from Dover, reporting at 1 day that she was 11 29 degrees W.

The record was set by Britain II when she sailed home in the Finis clipper race two weeks ago.

Kriter, skippered by Olivier de Kersher, sailed from Dover, from Sydney in 48 hours, 48 minutes and 48 seconds, a record of 48 hours, 48 minutes and 48 seconds.

She re-started 27 days after her last voyage, to claim a sailing record homebound voyage.

Winds from the west of 20-25 knots ported yesterday in area, 1,800 miles from the west coast of Africa. They are expected to last today and then retreat southwards.

During the last week, a position, 54 days Sydney, that was same as that of GB 1 same number of days.

Worrying

No new position received from the D. Great Escape, also this near the Azores.

More worrying, 1 been no reports of radio contact with schooner CS 5 RB 1 last heard of 40 days, she left the Falklands after a four or five day repair her rigging.

The Financial Times publishes sailing news and reports on the progress of the world's fastest ships.

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Give us three days to improve your cash flow.

DAY 1

Stop-go is currently draining the life out of cash flow.

Customers are ordering less, more often, to maintain lower stock levels.

And taking longer to pay.

We think our Medallion Service can help you ease the situation.

Medallion collects and delivers your goods within working days. Anywhere over 1,000 selected routes.

Guaranteed.

Or your money back.

And as it's fully documented, you can invoice fast, with proof of delivery required.

Dramatically improving your chances of being paid within 30 days. And reducing the credit you're carrying.

The service is reliable and sensible.

And very cost effective: experience frequently shows

DAY 2

that cash isn't flowing because the goods aren't.

Which is a situation that can't be ignored with distribution costs reaching 30%* of retail price.

And it makes sense to use Medallion for general as well as urgent deliveries. Because the sooner you deliver, the sooner you can invoice.

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And if our existing services don't suit your needs, we'll tailor you new ones that do.

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Why not find out more?

Fill in the coupon now: all you've got to gain is an improved cash flow.

*The Director

To: Mr Alan Baker, National Carriers Limited,
NCL House, 21A John Street, London WC1N 2BX.

I could certainly use an improved cash flow.

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FT 153

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NCL House, 21A John Street, London WC1N 2BX.

DAY 3

Changes among the copiers

The one trend that Bank

It would be surprising if the market penetration proved to be that easy. The 9200 is aimed at the internal printing opera-

Another move the company has made in response to a weakening market has been to restructure its rental prices. The new graduated price plan gives bigger discounts for higher copy volume—a move that makes sense at a time when customers are increasing the use of a copier rather than renting a bigger machine.

In effect, this would make the company give separate quotes for servicing. This would provide opportunities for other companies to compete in servicing Rank Xerox's machines sold in the market-place, but is not likely to hurt Rank Xerox, as indeed a similar decree against IBM seven years ago did little damage to that company.

The Allied Irish Banks recently set up a Bell and Howell COM system for branch accounts. It cost £130,000 including two recorders, processors and duplicators and 280 readers of microfilm sheets—known as fiches.

The system provides quicker

in a few microfiche: the paper-weight of that would be 16½ lbs. costing £4.54 first class or £1.28 by parcel post.

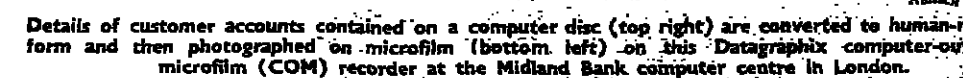
The savings in space comes from the fact that a page of information on microfilm takes up a fraction (as little as 0.2 per cent.) of the space needed

puter itself can be used to organise and index the information before it is filmed. Alternatively, a tape can be produced by the host computer and reorganised on a mini-computer linked to the COM recorder.

COM deals with the conversion of computerised infor-

is owned by the Gov-
and is being used in
study at the Depart-
Health and Social Sec-
its Newcastle pension
department.

There, over 1,000
clerks are filling in fo
go straight into the c
thus eliminating



The decision of whether to have one's own COM operation

WE, THE

How to miss opportunities

**In these competitive times
everyone in business needs the
Financial Times**

BY KENNETH RANDALL IN CANBERRA

don. DFCE has done a similar job for Qantas, the Australian airline, in recent years, although the hardware combination there is IBM-Honeywell. British Airways is the company's first Univac contract, even though

Copenhagen

When the letter or paragraph needs to be reproduced it can be printed at various speeds of up to 800 lines a minute depending on the quality required. Texts produced in this way in an office that has a high volume of correspondence or reports can be much cheaper than those produced on a normal electric typewriter.

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10. *Chlorophyll a* (mg/g)

New gains for French Left test Giscard

-CAIRO, March 14.

with Mr. Johannes Witteveen, chairman of the International Monetary Fund, before he left Cairo.

A Press clampdown seemed in the offing with President Sadat's announcement that the Higher Press Council, the ruling body of Egypt's Government-controlled Press, would be replaced with new men.

BY L. DANIEL

JERUSALEM, March 14

account of the devaluations, leading to higher fares and electricity charges. The object of all this is to reduce demand inflation and to cut imports of both finished goods and raw materials. Certainly wage and salary earners will be hard hit by the new price rises, coming on top of the already extremely high rate of direct and indirect taxation. But it has reached such proportions that it is impossible for a family to live on one wage packet.

As long as full employment

continues, earnings are usually eked out by moonlighting or working wives, but it is feared that the unemployment which has been predicted for a long time will sharply reduce the possibilities of such extra earnings and thus reduce consumer purchasing power.

DAVID EGLI

GENEVA, March 14.

sumption-is one of the big questions related to potential economic recovery this year, the ECE says. Redistribution of income in favour of wage-earners, and expansive fiscal policies, helped sustain demand in 1975. But increased savings as a "hedge" against unemployment, and the slow-down in the rates of growth of money wages may mean a decline in the rate of increase of real disposable income at least in France, Germany and Britain.

BY ROGER MATTHEWS

MADRID, March 14

Senior Generals are anxious about morale in the Legion, one of Spain's crack units, now that they are effectively unemployed. Together with other units sent into the Sahara to forestall the threatened invasion by Morocco, some Legion officers feel let down by the Government's sudden hand-over of sovereignty to King Hassan.

The latest rumor to be arrested is that Antonio Cordoba, a tank regiment engineer. He is only the second major to be held, the rest being captains.

Reuter adds: Newsweek magazine reported in New York to-day that Spain's King Juan

1. *Journal of the American Medical Association*, 277: 1001-1005, 1997.

OPORTO, March 14.

Norway and Austria. The other conferees were party leaders from West Germany, Italy, Belgium and Spain.

Their communiqué said: "Portugal belongs to Europe. Europe has to recognise its responsibilities towards Portugal."

The go-ahead has been given at

Lockheed charge

Japanese prosecutors have laid their first charge in the Lockheed bribery scandal, accusing the ultra-rightist Yoshio Kodama of colluding to pay ¥833.7m. (\$23m.) a income tax in 1972.

The national tax agency has given him until noon Friday to pay taxes and penalties totaling ¥1,493m. for income allegedly received from Lockheed during 1970, 1971 and 1972. Mr. Kodama, 65, is said to have worked for the company as a secret consultant since the late 1950s.

Salisbury cheered

Rhodesian Government sources have welcomed Mr. Harold Wilson's warning to Russia and Cuba in the Rhodesian dispute. A Government source here described Mr. Wilson's action as a step in the right direction and in contrast to the U.K.'s "negative" attitude over Russian and Cuban intervention in Angola, writes Tony Hawkins from Salisbury.

BY DAVID BELL

WASHINGTON March 14.

there are a number of Third World countries—particularly in Africa and Latin America—which may have extensive oil deposits but have been unable properly to look for them because of a lack of capital.

But Bank sources are anxious to stress that much more work has to be done before even tentative proposals about ways in which the organisation might help can be forthcoming. Apart from anything else the Bank is well aware that it must tread warily if it is to avoid problems either with OPEC or with the oil-producing and consuming

A study released last month by the U.S. Geological Survey suggested that Latin America and Africa are almost certainly "sleeping giants" whose potential oil reserves have scarcely been tapped.

Recent surveys suggest that

National insurance pensions and other benefits were increased in November and contributions are being increased from 6 April for employers, employees, the self-employed and people who pay voluntary contributions. The main contribution changes are summarised below but leaflet NI 208/Apl 76, obtainable from Post Offices and Social Security offices, gives full details.

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employee. Contributions will be payable by employers at the following percentages for employees earning £13 a week or more on all their earnings up to a new limit of £95 a week.

	EMPLOYER	EMPLOYEE	TOTAL
Standard rate for men and women	8.75%	5.75%	14.5%
Reduced rate for some married women and widows	8.75%	2.0% (unchanged)	10.75%
Retired person's rate	8.75%	Nil	8.75%

THE LOWER EARNINGS LIMIT below which no Class 1 contributions are payable by employer or employee, is being raised to £13 a week.

NEW CONTRIBUTION TABLES are being issued direct to employers and further copies can be obtained from Social Security offices. The tables in leaflet NP15 must **not** be used for earnings paid on or after 6 April.

CLASS 2 (FLAT-RATE) CONTRIBUTIONS for men remain unchanged at £2.41 a week. Women's contributions will be increased by 10p to £2.20 a week from the week commencing 11 April as a further stage in the process of raising them to the same level as men's contributions.

IF YOU EXPECT TO EARN LESS THAN £775 from self-employment in the 1976/77 tax year you can apply for exception from liability to pay Class 2 contributions. This is £100 more than the limit for 1975/76.

CLASS 4 (EARNINGS-RELATED) CONTRIBUTIONS will continue to be 8% of profits or gains over £1,600 a year but the upper limit for assessment will be raised from £3,600 to £4,900 a year (approximating to the new Class 1 limit of £95 a week) for the 1976/77 tax year.

The flat-rate contribution will be raised by 20p to £2.10 a week from 6th April.

Issued by the Department of Health & Social Security



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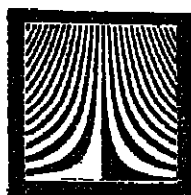
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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCROETERS

INSTRUMENTS

Simple unit will aid quality control

INVALUABLE as a quality control and production recording aid, a relatively simple piece of electronic equipment can be used by manufacturers and suppliers of sheet metals, including stainless steels and aluminium foil. It can also be used by any producer engaged in continuous or semi-continuous manufacturing or treatment where the parameter under observation can be represented by an electrical signal.

Developed by Daystrom Schlumberger, major manufacturer of X-ray emitting systems, it can be used in conjunction with such equipment to provide a permanent record of the quality of metal produced.

It is not based on a computer but uses the latest solid-state logic to analyse signals from an output line and divide them into a number of zones according to material thickness, recording each time the thickness passes from one zone to another. The result is a print-out of progressive lengths along the strip with indication of zone change as it takes place.

Printing is by a quiet needle matrix unit with optional extra readouts and it can be sited 100 metres from the production line. Each production classifier will be tailored by Daystrom to suit the requirements of the customer.

Apart from its obvious sales appeal of providing a faithful printed quality record on

materials offered, the equipment could be justified as a check unit on goods inward, particularly in industries where close observation of tolerances is essential to the next stage in manufacturing — such as in the production of motors, magnets, etc.

Fitting into a 19 inch rack the equipment is largely built from standard printed circuit boards to simplify maintenance. Power needed is either 115 or 240 volts and consumption is no more than 100 watts.

More from Daystrom Schlumberger, Industrial Products Division, Bristol Road, Gloucester, GL2 6BE. 0452 29450.

Marconi shifts the emphasis

IN what many in the instrument industry will regard as an uncharacteristic move Marconi Instruments has launched a low cost digital frequency meters starting at £185.

It has also revealed a capital investment in production plant at St. Albans amounting to £370,000 over the last 12 months, with a further £300,000 committed. Emphasis has been on keeping the quality up and the costs down, particularly in the test area where the company's AL4 OUN (St. Albans 59282).

MATERIALS

Polyester replaces aluminium

PRECISION mouldings made from Beetle DMC—a glass reinforced polyester moulding compound—have been used to replace pressure die-castings in the Relite ceiling fan.

The changeover, incorporated in the MK V model, has eliminated seven precision machining operations and simplifies assembly.

Two mouldings are employed, one for the cap and the other, mating part encloses the stator assembly. Both are compression moulded in the recently commissioned production unit set up by Simplex-Circutronics with the assistance of BIP, and also by Triton Plastics of Cradley Heath, West Midlands.

When DMC was first considered for these two components, die-cast aluminium alloy parts were in use, requiring a total of seven precision machining operations to dimensional and concentricity accuracies of ± 0.05 mm. This was essential to ensure that the bearing mounting was precise and alignment correct, that the rotor would assemble accurately and that the stator mounted in the mating half also aligned correctly.

By using DMC it has been possible to mould the rotor as an insert. Due to its bulk it has to be pre-heated in order to fit the spigot, which in turn also incorporates the other controlled dimensions and faces. Concentricity is assured because these features form part of one mould piece. Bearings are pushed into position on assembly.

Shrinkage is extremely small which assists in the eventual assembly of the parts. Further accuracy is assured by weighing the moulding charge on scales which ensure within ± 1 per cent results. Flash thickness is rigidly controlled, finishing is kept to a minimum and Simplex accepts mouldings from Triton without inspection, such is the dimensional stability of DMC.

MACHINE TOOLS

Senses the moment of touch

A TOOLING aid which indicates the moment of touch, or close proximity, between a tool and a component has been launched by B. O. Morris, Briton Road, Coventry CV2 4LG (0203 455014).

Major applications are likely to be in grinding and jig boring and other areas where close visual control is not always possible.

Called a Touch Indicator, it can be tuned to varying degrees of sensitivity to suit metal cutting or grinding. A row of ten lights come on as the tool approaches the component. The whole row is lit when the tool is rotating at the normal operating speed.

For instance, in cylindrical grinding, as the wheel approaches the component the row starts to light from both ends, with more lights illuminated as the wheel approaches the work. With full contact, the whole row is lit.

Sensitivity can be adjusted so that the first outer lights are on

when there is a 0.0001 inch gap between wheel and workpiece. A magnetic based transducer, an infinitely variable, rotating head is mounted as close as possible to the workpiece of tool holder (whichever is rotating), to pick up the high frequency vibration. As a cutter or grinding wheel approaches, slight changes (caused by air transmission) in these frequencies are registered by the transducers. The changing signal is converted by an analogue computer into the visual display.

Indications of ovality, a tapered hole or incorrect location, can be shown as the row of illuminated lights opens and closes. When grinding, the unit can be used as a "spark-out" indicator. All lights are on while grinding, then gradually go out from the centre outwards as the wheel "sparks-out". The company suggests that other applications will depend on the ingenuity of the operator.

COMPONENTS

Thyristors take heavy loading

NIPPON Steel Corporation is to expand its Oita rolling mill and has commissioned Siemens to supply the main electrical drives for a new, 5.3m, wide heavy-plate train.

These are two motors with a cutout power of 19.45 MW each. The order, which is worth DM10.8m, also includes power supply equipment with an on-state power of 2 x 2 x 26.7 MW and a total of 432 type Bst R 68 thyristors based on neutron-irradiated homogeneous silicon.

Due to their repetitive peak off-state voltage of 3,200 V, only one power semiconductor is required for each of the 18 parallel current paths of one arm of the bridge. Hitherto, the lower peak off-state voltage meant that at least two thyristors had to be connected in series in order to provide adequate protection against surge voltages of up to 3 kV.

The fact that the peak off-state voltage of the Bst R 68 has broken the 3 kV barrier previously regarded as the limit is largely due to this technique of irradiating silicon with neu-

trons, which Siemens is chiefly responsible for developing. It produces silicon chips with a much more even lateral resistivity than could be achieved before. With previous methods there were variations of 20 per cent, and more.

Such thyristors operate uniformly over the entire surface of the semiconductor, which has greatly improved the combination of blocking and current-handling capability. With a peak off-state voltage of 3,200 V the maximum mean on-state current is actually 800 A, and the maximum permissible on-state current is as high as 13,400 A.

These performance prompted the decision to use the Bst R 68 for the new, 900 km long high-voltage d.c. transmission line between the Canadian power plants on the Nelson River and Winnipeg, which means that the 432 BSC-Siemens project group has secured a contract worth DM220m.

Siemens, D-8520 Erlangen 2, Postfach 3240, West Germany.

Ultra-safe relays

BRITISH designed and manufactured solid-state a.c. relays from Astralux Dynamics incorporate an optoelectronic isolator which enables the relay to withstand

voltages of up to 3.75 kV r.m.s. between input and output. The additional safety factor introduced by this high isolation voltage means that the relay meets recently introduced European specifications, which are expected to have a significant impact on the industrial markets for this type of product.

SSR 10000 Series are heavy-duty a.c. types designed to switch up to 40A from logic inputs between 3 and 32V d.c. They will withstand transients of up to 600V and incorporate zero-voltage switching which reduces transient surge problems and radio-frequency interference to a minimum.

There are four units in the series, with r.m.s. load current ratings of 10, 15, 30 and 60A. 5000 and the insulation resistance from input to output and from input and output to heat sink is 10¹².

Suitable for many arduous applications, including switching of motors, tungsten lamps, furnaces and machine tool controls, the relays have a safety factor which makes them ideal for medical applications such as artificial kidney and cardiac machines, and for use in areas such as automated petrol pumps where a flammable materials are present.

Astralux Dynamics, Brightlingsea, Colchester CO7 0SW, Brightlingsea 2871.

METALWORK

Weld be cut flat

A RANGE of portable weld shavers is being by A.T.A. Engineering, Ebbw Vale, Gwent, NP23 5JZ.

These tools have adjustment (0.001 in) controlling a roller mounted in the cutter—like claimed to provide shaving of welds on convex or concave surfaces. Rigger assembly is in smaller models for use in corners and other difficult or restricted areas.

POWER

Portable stand-by generator

STABLE VOLTAGE quality are stated to of the Armouille range able stand-by generator Briggs and Stratton C series, with r.m.s. load current ratings of 10, 15, 30 and 60A. 5000 and the insulation resistance from input to output and from input and output to heat sink is 10¹².

Suitable for many arduous applications, including switching of motors, tungsten lamps, furnaces and machine tool controls, the relays have a safety factor which makes them ideal for medical applications such as artificial kidney and cardiac machines, and for use in areas such as automated petrol pumps where a flammable materials are present.

Astralux Dynamics, Brightlingsea, Colchester CO7 0SW, Brightlingsea 2871.

Can you afford to stay put when prices are on the move?

A cost-efficiency quiz for modern business

Assess your ability to cope with inflation in a nil-growth economy by answering the following questionnaire. Then top up your rating on the score panel below.

- How far are you from Milton Keynes?
A Under 1 mile B Between 1 and 5 miles C Over 5 miles
- How many hours does it take to get to the nearest airport?
A Less than 1 hour B 1 to 2 hours C 2 to 3 hours
- How far is the nearest motorway?
A Less than 1 mile B Between 1 and 5 miles C Over 5 miles
- How many cars does your company have?
A 1 B 2 C 3 or more
- How many cars does your company have?
A 1 B 2 C 3 or more
- How many cars does your company have?
A 1 B 2 C 3 or more
- How many cars does your company have?
A 1 B 2 C 3 or more
- How many cars does your company have?
A 1 B 2 C 3 or more
- How many cars does your company have?
A 1 B 2 C 3 or more
- How many cars does your company have?
A 1 B 2 C 3 or more

Check your survival rating

Tot up your total score from the following table.

	A	B	C
1	4	3	2
2	4	3	2
3	4	3	2
4	4	3	2
5	4	3	2
6	4	3	2
7	4	3	2
8	4	3	2
9	4	3	2
10	4	3	2

Scores of less than 20

With a score of less than 20, you are in a very poor position to cope with inflation. You need to take immediate action to improve your survival rating. Consider the following suggestions: 1. Reduce your overheads. 2. Increase your sales. 3. Improve your efficiency. 4. Seek out new markets. 5. Consider a change of management.

Scores of 20-32

With a score of 20-32, you are in a fair position to cope with inflation. You need to continue to improve your survival rating. Consider the following suggestions: 1. Reduce your overheads. 2. Increase your sales. 3. Improve your efficiency. 4. Seek out new markets. 5. Consider a change of management.

Scores of 33-39

You must be a manager or owner, since you are exceptionally well-placed to understand the rigours of the present situation.

Check your figures against ours

Let us discuss in confidence ways in which your operating costs can be cut by moving to Warrington. Even if you cannot answer parts of the questionnaire or find the questions unrelated to your business, we will be able to help you there at no charge.

Contact: Brian Bennett, Chief Finance Officer, or Peter Sander, Marketing New Team Development Corporation, Spearhead Buildings, 28-30, Telephone: Warrington 0925 56551 Telex: 637025.

Crossover at Warrington

Warrington is a major transport hub, with its own airport, railway station, and bus station. It is a convenient location for businesses of all sizes, offering easy access to the rest of the country.

CONTRACTS AND TENDERS

Construction of Desho (Afghanistan)-Iranian border Highway

International Tender for supply of highway construction heavy and light equipment to the Ministry of Public Works, Afghanistan.

NOTICE OF INVITATION TO TENDER
It is intended that the proceeds of a credit to be received by the Afghan Government from friendly sources will be applied for payment, preferably in US\$ for such other currencies as are freely used in international trade, and be convertible into the currency for which this invitation is bid.

In this connection the Ministry of Public Works of Afghanistan invites International tender for the supply of the type of equipment as detailed in the accompanying list. The Ministry of Public Works hereby invites all interested parties, adequately experienced in supply of the listed equipment and spare parts to submit their formal proposals for bid documents not later than 15th May 1976 from the following address:

Republic of Afghanistan
Ministry of Public Works
P.O. Box 202
Kabul, Afghanistan

The bid documents will be made available to the interested companies after receiving their formal proposal indicating their interest for supply of the equipment for which they wish to tender. All communication shall be in English.

- Motor loaders
- Roller compactors
- Motor graders
- Grader scrapers
- Trucks of various types from 1 to 12 ton
- Four-wheel drive trucks
- Pick-up trucks
- Concrete mixers
- Concrete vibrators
- Rollers of various types and capacities
- Asphalt mixing plants, from 10 to 115 t/h
- Asphalt finishers
- Gravel and sand plants, from 10 to 120 t/h
- Pile drivers
- Truck cranes from 1 to 25 ton
- Units Deep Well Pumps with casing and no-casing
- Deep well drilling machines
- Unit generating sets from 10 to 100 KW
- Welding sets
- Transmitters
- Electric Serrins
- Air Pumps
- Air Compressors
- Lift Trailers
- Wagon trailers
- Caravans
- Steel Bar Bender and Cutter Machines
- Mobility Kits
- Laboratory Trailers for Soil, Asphalt, Concrete, etc.
- Water-type coolers
- For Machines

All communication shall be in English

THE GOVERNMENT OF THE REPUBLIC OF KOREA

SEOUL, KOREA

INVITATION FOR PREQUALIFICATION FOR BUSAN PORT CONSTRUCTION PROJECT

Republic of Korea: The Busan Port Authority of the Ministry of Transportation of the Republic of Korea is presently prequalifying construction contractors for the construction of new port facilities at Busan Port. The project will be let as two separate contracts on a lump-sum basis for all procurement and erection. The projects will be financed jointly by the Korean Government and foreign exchange by the International Bank for Reconstruction and Development (IBRD). Applicants for prequalification must be from countries which are members of IBRD or from Switzerland and only prequalify contractors will be offered "Invitation to Tender". The projects are as follows: Project No. 1, second stage civil works construction of the Busan Port and its surrounding area, including approximately 1,000,000 square meters of asphaltic surfacing, 6,945 linear meters of concrete lining for on-shore structure foundations, 1,180 linear meters of new and related rail yard facilities, three double platform truck weighing scales, 1,605 square meters of reinforced concrete buildings and complete utility system for water, sanitary sewers, storm drainage, fire protection, electrical distribution, area lighting and roadway lighting. Project No. 2, second stage civil works construction of the Busan Port container and general handling complex at the Composita Pier, comprising approximately 1,000,000 square meters of finished area grading, 11,100 square meters of PCC paving, 183,000 square meters of asphaltic concrete surfacing, 4,232 square meters of asphalt, 8,675 linear meters of concrete lining for on-shore structure foundations, 1,180 linear meters of new and related rail yard facilities, three double platform truck weighing scales, 1,605 square meters of reinforced concrete buildings and complete utility system for water, sanitary sewers, storm drainage, fire protection, electrical distribution, area lighting and roadway lighting. Contractors wishing to prequalify individually or as joint venture for one or both projects should write to the Consultants requesting pre-qualification documents and enclose five (5) copies of the articles of incorporation of the company, financial statements, and summaries of construction experience. Prequalification documents will be available starting 22 March 1976 and the completed prequalification documents in five (5) copies in English (Korean Contractors may submit five (5) copies in both English and Korean) will be accepted no later than 7 June 1976 in the office of the Busan Port Authority 46-63 3rd Street, Daechang-Dong, Dong-gu, Busan, Korea. Any further question which may arise concerning the documents prior to their submission should be directed to the office of the Consultant.

Consultant's address is
Lyon Associates, Inc., S.P.O. Box 540, Busan, Korea
General Manager
Busan Port Authority
Ministry of Transportation

UNIVERSITY OF RIYAD, RIYAD, SAUDI ARABIA

INVITATION FOR PREQUALIFICATION OF CONTRACTORS

The HOK - 4 Consortium invites qualified construction contractors to apply for prequalification for construction of academic facilities for the University of Riyadh, Riyadh, Saudi Arabia. Interested firms should have substantial worldwide building construction experience in a more of the following disciplines:

GENERAL CONSTRUCTION
MECHANICAL CONSTRUCTION
ELECTRICAL CONSTRUCTION

Emphasis will be placed on university project experience and on experience in the Middle East and Saudi Arabia in particular.

Each application for prequalification should include such information as is necessary to demonstrate its qualifications for undertaking substantial building construction contracts should include:

GENERAL COMPANY DESCRIPTION AND DATA
RECENT PROJECT EXPERIENCE (STATE PROJECT NAME, VALUE OF CONTRACT, AND DATES)
CERTIFIED FINANCIAL STATEMENTS
DESCRIPTION OF MIDDLE EAST AND SAUDI ARABIAN CAPABILITIES

All information must be furnished in triplicate and should be in the English language. Monetary values stated in equivalent U.S. Dollars.
Each application for prequalification must be received at the following no later than April 1976.

HOK - 4 Consortium
c/o CM Associates, Inc.
Suite 2200
2700 South Post Oak Road
Houston, Texas 77056
U.S.A.

City of Kingston upon Hull

TELEPHONE DEPARTMENT

APPLICATIONS FOR INCLUSION IN LIST OF SELECTED CONTRACTORS - TELECOMMUNICATIONS EQUIPMENT & ASSOCIATED PLANT

Applications are invited from suitable contractors who wish to be included in the list of contractors selected to supply goods or materials or execute works for the City of Kingston upon Hull Telephone Department. It should be noted that all goods, materials or work executed must comply with British Standard Office specifications and a guarantee to this effect must accompany each application. Applicants must also give a written assurance that to the best of their knowledge and belief they have complied with the general conditions of the Fair Wages Resolution passed by the House of Commons on 14th October, 1946.

Applications should be submitted within one calendar month of the publication date of this notice and should be addressed to:

The Telephone Manager,
Kingston upon Hull
Telephone Department,
Planning Division (FT),
Telephone House,
Carr Lane,
Kingston upon Hull

PLANT & MACHINERY SALES

Description Price

1974 Ten Stand roll forming line by Hunter-Douglas. Virtually unused. Capacity 200 mm x 2 mm M.S. strip complete with automatic cut-to-length equipment. P.O.A. 021-1

2 Stand Rolling Mill for flattening wire and rolling narrow strip. Complete with edging rolls and recoller. P.O.A. 021-1

Reconditioned Modern Used Rolling Mills, wire, rod and tube drawing plants—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc. P.O.A. 021-1

1970 Herdickerhoff 100 KW double vacuum annealing plant—useful charge area 625 mm dia x 2000 mm loading height—output 6000 lb per 24 hours. P.O.A. 021-1

1971 Automated 25ft Drawbench with pushpointer by Wellman—effective pull 10 tons at 100 f.p.m. and 20 tons at 50 f.p.m. Virtually unused. P.O.A. 021-1

1974 Fully Automatic Cold Saw with batch control for cutting non-ferrous bar. Max. capacity 5" round and square. P.O.A. 021-1

1971 Fully Automatic High Precision Circular Saw with batch control. Max. capacity 4ft 6in bar-20mm profiles and tube. P.O.A. 021-1

1972 Double Twist High-Speed Finewire Bunching Machines by Cortimov. P.O.A. 021-1

IF YOU HAVE PLANT AND MACHINERY SURPLUS TO YOUR REQUIREMENTS AND WOULD LIKE TO ADVERTISE IN THIS COLUMN PLEASE TELEPHONE ON 01-248 6000. Ext. 458

Building and Civil Engineering

Wimpsey takes £10m. three awards

WINNING bids in dwellings in Gorton Street and Manchester, and Meyer Street to house over 1,500 persons and costing just sing work worth over £10m. Most of the housing will consist of 340 two-storey north City Council has five homes. Completion is for on a major development October 1977.

Wimpsey's plans envisage a development at Miller Way, work to cost £1.7m. on a housing Plymouth. There will be development at Scholes Street, selling and a shop and Edgeley, Again in No-Fines, the new No-Fines technique 191 dwelling will include 121 three-bedroom houses.

Wimpsey Canada is also in the 24 years to complete, news with an award worth about £1m. It is for private housing small bungalows and site preparation including roads and sewerage. In Markham after Corporation's Ontario and awarded by Costain scheme is for 371 Estates.

ee jobs Cubitts

London Borough of Brent has awarded two housing contracts to Holland Hannen and Construction (London), 5m. A development in Arch Avenue will give one-bedroom flats and terraces at a cost of £1.4m. Work is scheduled to months to complete.

A separate contract will build 64 flats and pedestrian bridges with an community centre at Lane, Worth £1.2m. ancillaries, this will also be completed period of 21 months.

For the two schemes P. Bennett and Son says it is also to build within the existing site at London's Heath part for British Airways U.K. The offices used for the processing exports. Contract value 300 and will take six months to complete.

mac gets n. worth

ROADS contracts worth £1m. have been won by Tarmac Construction.

TELEX FOR OMPT ACTION

wait for the post by leave telephone messages.

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connect your phone. Telex: We will send you Telexes for you provide file copies. 4442 01-404 5811 1 Newcastle (Ext. 1252)

PAPER AND BOARD

A FINANCIAL TIMES REPORT

Financial Times proposes to publish on March 26 out on the Paper and Board industry which will be the most important aspects of the industry and future growth prospects. The proposed editorial will include discussions of the following issues:

- U.K. paper market really recovering?
- Finance is available to help company developments?
- Supply of raw materials at home and abroad.
- Challenge to U.K. industry from overseas competitors.
- Packaging and converting market.
- Integration in the industry between EEC countries.
- Can energy savings be made in the industry?
- Technological developments within the industry.

report has been timed to coincide with both PAPEX, International Paper and Board Exhibition, and the Conference of the Technical Section of the British and Board Industry Federation. So, if your company is interested in the Paper and Board industry or wishes to be at this important time, an advertisement in the report will enable your message to be heard.

sted upon by other companies and their senior executives who should be told about your company's skills, expertise and special trading abilities.

the information you require about content and advertising rates may be obtained by telephoning Anthony at the Financial Times on 01-295 8000, ex. 860.

PAPER AND BOARD

FT report scheduled for publication on March 26 1976

date and publication date of this report are subject to complete alteration and change by changing printer's action.



£3½m. job for Minter

IN PREPARATION for work on London Underground's New Fleet Line, London Transport Executive has awarded a £3½m. contract to F. G. Minter.

The contract is for maintenance sheds, covered sidings, staff and amenity buildings at Stonebridge Park, Wembley.

Lawrence in work worth £1½m.

TWO CONTRACTS, one worth £1.2m. for the Metropolitan Police and the other worth over £250,000 for Waverley District Council have been won by the Walter Lawrence Group.

A traffic control unit for the North East area is to be built at Chadwell Heath, Essex. Work has begun on the site and completion is for September, 1978.

At Halesworth in Suffolk, the Waverley award requires the building of traditional style dwellings with completion in 15 months from now.

Walls tied by foam

RIGID polyurethane foam, appropriately called Tyfoam by ICI, has been used to secure the external brick "leaf" of a fire brigade drill tower at Clarkston, Glasgow, where combined deterioration in the brick skin and the ties has resulted in some lateral movement.

Tyfoam provides a fast, simple and economical method of strengthening walls as it uses only polyurethane components—supplied by ICI Organics and Europa Division—blended and injected into the cavity, using special dispensing equipment, to create the rigid foam. This stabilises the wall by adhering to the faces of the cavity and provides a continuous structural connection between the two leaves.

In the Clarkston drill tower, constructed a few years ago, movements of up to 50 mm. had taken place.

Beattie, Watkinson and Partners, consulting civil and structural engineers, Glasgow, were retained by the Strathclyde Region and recommended that the facing skin be strengthened by the use of Tyfoam and stainless steel ties. The contract was successfully completed within seven days and the work was carried out by UPO, Cardiff, a contractor trained and appointed by ICI.

Houses in various areas have now been given a new lease of life by Tyfoam. A typical semi-detached council house can be

Facilities for a site staff

ACCOMMODATION at the Marchlyn Dam site on the vast Dinorwic project in North Wales is to be provided for Gleeson Civil Engineering by Austin Hall Building Systems. At the same time, the company will be providing a similar service to the Central Electricity Generating Board for its own engineers.

Together, the contracts are worth £580,000 and cover the provision of some 6,000 square metres of floor space.

Buildings specified are mainly single and double relocatables with capacity to be adapted for practically any purpose. At Marchlyn, skid-mounted buildings will be provided, manufactured and assembled in the works in 24 metre modules and including electrical and plumbing equipment and decoration.

Transported to site, the various sections are connected up to provide office, canteen and welfare accommodation.

Completion of the contracts is due by the end of next month.

Big tanks to be moved

RELOCATION of five storage tanks using the hover principle is to be carried out by the Air Cushion Division of Mears Construction.

One contract awarded by Gulf Oil Refining is for two tanks at Milford Haven where one of the tanks is to be "hovered" down a slope of 1-in-20. One tank weighs 170 tons and the other 30 tons.

The other three remaining tanks are being repositioned for Carless Solvents at Stoke-on-Trent. They each weigh 20 tons and will be moved over 300 feet.

Main civil works for a substation at Axminster, Devon for the Central Electricity Generating Board is to be carried out by Mears Construction at a cost of £215,000.

Concrete bases, reinforced concrete and steel structures, concrete cable trenches, roads, surfacing, security fencing and two transformer housings are to be built.

Mears has also won a £194,000 contract from British Railways London and Midland Region for the construction of a bridge at South Ruislip.

£3.3m. Embassy work

EXTENSION work on the Embassy of the West German Federal Republic is to be carried out by Trollope and Colls under a two-year contract priced at £3.3m.

A competition has been held among German architects to select the design and this has been approved by the Royal Fine Arts Commission. Executive architects are W. H. Saunders and Son.

Basic structure is of reinforced concrete and the building will be clad with precast panels and fitted with purpose-made bronze windows.

In a total floor area of about 8,000 square metres the accommodation will include basement garage and plant rooms, public access areas, further, diplomatic offices and a canteen.

Government to look into the dangers faced by workers during the demolition of buildings containing pre-stressed concrete. High stresses induced into structural members during their manufacture require controlled release—sudden disintegration could result in serious injuries and damage.

In a letter to Anthony Crossland, Secretary of State for the Environment, the Corporation's Planning Committee is urging legislation which will require local authorities to keep a register of such buildings and make it available to demolition contractors.

Solar panel development

DON Engineering will be exhibiting Solacyl solar water heating plant at the International Heating, Ventilation and Air-Conditioning Exhibition—HEVAC—next April and looking for potential installers.

It will be introducing newly-developed—second generation—solar panels for heating swimming pools to complement the existing range of solar units for domestic and large-scale applications.

Backed by a two and a half year research programme, the Solacyl units rely on research data to prove that substantial energy savings can be achieved.

HEVAC is at the International Exhibition Centre from April 5 to 9 and Don operates from Wellington, Somerset.

Demolition danger

THE CORPORATION of the City of London is pressing the

CRENDON STRUCTURES

for High speed Low cost Factory, Warehouse and Office Building

CRENDON CONCRETE CO. LTD. (Incorporated in England and Wales) (Incorporated in the U.S.A. as a subsidiary of CRENDON CONCRETE CO. INC.)

Laboratory extensions

COSTAIN Construction has been awarded a £330,000 contract by Glaxo Laboratories to demolish and rebuild part of the interior of laboratories at Greenford, Middlesex and to erect an extension.

Rebuilding of the laboratories will be for brickwork rendered both sides and covered with toughened vinyl wall lining and hardened spray finish.

The work includes alterations and additions to the mechanical, electrical and lift engineering installations and the provision of air-conditioning. Work is due for completion in September, 1976.

Venture in Saudi Arabia

A NEW company, Teamwork Saudi Arabia, has been registered in Saudi Arabia to undertake building, civil and mechanical engineering works.

It has been formed on a 50/50 basis between International Teamwork, a subsidiary of the Taylor Woodrow Group, and Ali Zaid Al Quraishi and Brothers, which is operating throughout Saudi Arabia in various trading enterprises. It is understood that a number of contracts are already under negotiation.

Directors of the new company are: Mr. Ali Zaid Al Quraishi (chairman), Mr. Khaled Zaid Al Quraishi, Mr. Saleh Zaid Al Quraishi, Mr. Abdul Karim Zaid Al Quraishi, Mr. Ronald P. Whitehouse (managing), Mr. C. George F. Hazell, Mr. Bernard L. Moseley, and Mr. Roger M. T. Raikes (resident general manager).

Registered office of the company will be initially in Dammam at P.O. Box 2064, Dammam, Saudi Arabia.

IN BRIEF

● Costain Homes has won a £442,000 contract to build 58 specially designed flats for the elderly on a national basis.

● D. T. Bullock and Company, jointly with a warden's accommodation at Meadow Vale has won a contract worth £379,190 Burbage Leicestershire. These flats will be entirely for letting to retired people. The scheme is being built for the Hanover Housing Association which was set up in 1963 by the National Hemington Village, Middlesex Corporation for the Care of Old brough—the B1365.

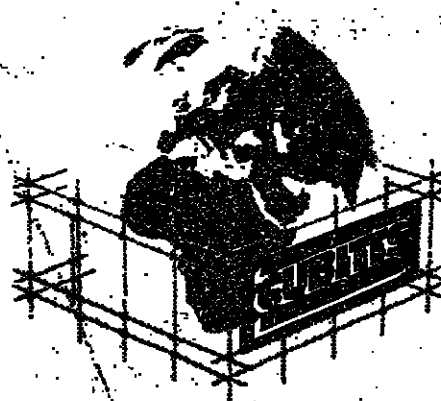
touchdown or take-off...

Arriving or departing, Cubitts were there before you; playing a big part in your life, making many things possible: the runway you use, the aircraft hangars and perimeter tracks, perhaps part of the motorway which led you to the airport...the terminal buildings where you checked in, a bridge that you crossed.

Maybe you live in a Cubitt-built house, went to a Cubitt-built school or university...and work in a Cubitt-built factory or office block?

Cubitts' activities are far ranging and far reaching, with building and civil engineering contracts throughout the world: such as housing projects, educational schemes, commercial developments, industrial plants, harbour works, public utilities, conference centres and hydro-electric installations.

In the contracting world, Cubitts continue to expand.

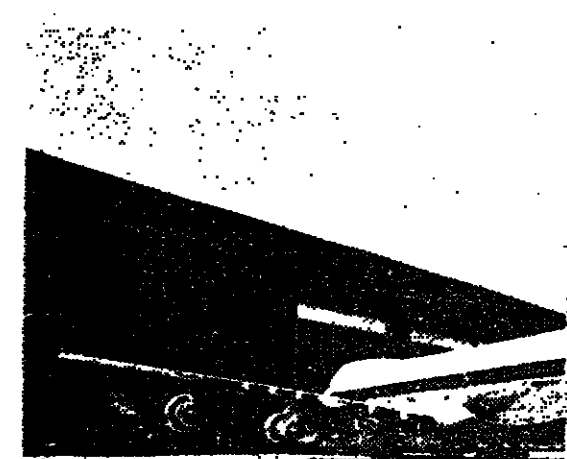


Known in any language as international builders and civil engineers

من لحظة الهبوط الى لحظة الانطلاق

سواء وصلت الى المطار سافرا أو قادما من سفر، فقد سبقك كيوتس الى هتباك لتعبد دورا كبيرا في حياتك ولتجمل أشياء كثيرة ممكنة: سبيل الطائرات الذي تستخدمه، وحضائر الطائرات والدروب التي تحيط بأرض المطار، وربما جزءا من طريق السيارات الذي استخدمته فسي الوصول الى المطار... ومباني محطة الوصول والقيام حيث اشترت تذكرتك، وأحد الكبارى التي قمت بعبورها.

ان اوجه النشاط التي تزاو لها كيوتس كتيمة ومتشعبة، حيث تقوم بتنفيذ عقود بناء وهندسة مدنية في جميع أنحاء العالم. ولا زالت كيوتس تتوسع في عالم المقاولات.



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MONDAY, MARCH 15, 1976

Interest rate pressures

WHETHER or not the British authorities welcomed the initial depreciation of sterling last week, all schools of thought now certainly believe that enough is enough. A rapid further fall would aggravate international currency tensions and would give an upward push to British costs, unrelated to domestic inflationary forces. The main danger of this happening has been political. A range laid down by Dr. Arthur Burns, the Fed chairman, and the emphasis is now likely to switch to restraint.

Longer term

There is more scope for disagreement about longer term interest rates, as two conflicting forces are at work on both sides of the Atlantic. A reduction in inflationary expectations is good for Government bonds. The progress already made in reducing the rate of price increases in the U.K. has probably not been taken fully on board by financial opinion. On the other hand, both the American and the British Governments have large Budget deficits to finance.

Fluctuation

Ministers could hardly risk any overseas misunderstandings when they knew that the February trade figures would show an unfortunate fluctuation for the worse. It is, on present evidence, only a fluctuation, as the current deficit in the three months up to February was less than in any quarter of 1975. We should be grateful that the authorities resisted any temptation to make dramatic increases in the Minimum Lending Rate. This would merely have increased the crisis atmosphere and would have been contrary to all sensible principles of managing either the foreign exchange market or domestic monetary policy.

Nevertheless it will be difficult to maintain the momentum of falling British interest rates, even when the immediate difficulties have passed. The biggest single influence on short-term rates is the behaviour of money markets in New York. Last week's unexpected fall in the U.S. Treasury bill rate was not a good guide to longer term Federal Reserve policy and may well have been prompted by a desire to take the pressure off sterling and other European currencies.

The March Bank of England Bulletin remarked that U.S. rates appear to have reached their trough. This is an unusual firm view for the Bank to take in public about another country and would not have here and now.

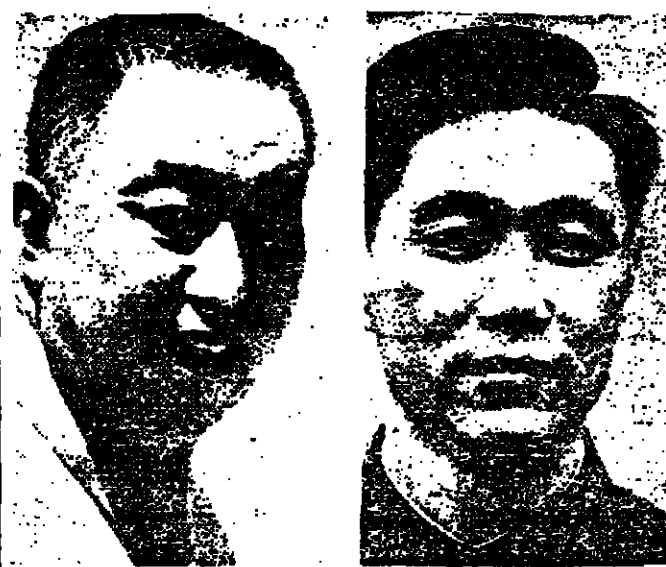
Dr. Kissinger's self-defence

THERE IS a plaintive, self-justifying note in the recent speeches of Dr. Henry Kissinger which suggests that he has yet to appreciate the extent to which his conduct of U.S. foreign policy is open to criticism. "The world watches with amazement," he said in Boston last week, "our adventures with glee and our friends with growing dismay how America seems bent on eroding its influence and destroying its achievements in world affairs through an orgy of recrimination." And again, in an obvious attack on Senator Jackson and Mr. Ronald Reagan: "What do those who speak so gleefully about one-way streets or pre-emptive concessions propose concretely that this country do? What precisely has been given up? What risks would they run?"

This is the language of the hustings, adequate perhaps to cope with Mr. Reagan, but hardly convincing as a defence of Dr. Kissinger's policies. For as far as the Secretary of State is concerned the outside observer is struck less by the orgs of recriminations than by his readiness to remain in office despite the fact that his policies so often have either failed or been defeated. The domestic attacks may lack subtlety, but there is no shortage of ammunition.

Angola

The case against Dr. Kissinger is not that America has grown weaker (it may also have grown wiser): it is that he does not do those things he says he is going to do, and he frequently does things which he said he was not going to do. He has become a very difficult man to be sure of, making threats which he cannot carry out. Angola is a perfect example. Dr. Kissinger believed that Soviet expansionism should be countered wherever it took place, but was defeated by Congress, as he had earlier been defeated on the question of need to justify himself indeed in Turkey. There are becoming so pervasive that arguments on both sides, but they may be affecting his judgment.



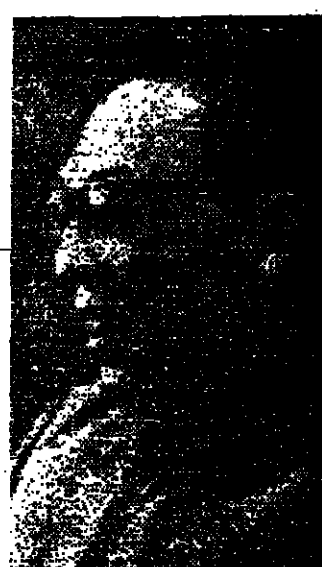
Hua Kuo-feng, acting Premier since February, 1976, is now in his fifties. He was vice-governor of Hunan province, with some responsibility for economic affairs, from 1958 to 1967. He survived the Cultural Revolution to become vice-chairman of the provincial revolutionary committee, becoming a central committee member in 1969 and coming to Peking in 1971, reportedly to investigate the abortive coup of Mao's designated heir, Lin Biao. In 1973 he became a member of the Politburo and in 1975 Vice-Premier and Minister of Public Security.



Wang Hung-wen, now in his forties, was a worker in a Shanghai textile mill until January, 1967, when he was deeply involved in the Cultural Revolution as a founder of one of the winning factions. He was appointed vice-chairman of the city's Revolutionary Committee in 1968, a member of the party Central Committee in 1969, and party vice-chairman in 1973. Since the death of Premier Chou En-lai he is second only to Chairman Mao in official party ranking.



Yao Wen-yuan, probably in his early fifties, was active in Shanghai from 1951 as a writer and youth worker. Under Mao's direction he launched the Cultural Revolution in November, 1968. With Chiang Ching and Chang Chun-chiao he ran the Cultural Revolution group in 1966-67, and as second to Chang took control of Shanghai in 1967. He became a member of the Politburo in 1969 but has had no other office since then. He has been rumoured to be married to Mao's daughter.



Chang Chun-chiao, who is about 40, worked for the New China News Agency and later ran the Shanghai Liberation Daily from 1954. He was associated with Chiang Ching and Yao Wen-yuan in the Cultural Revolution in Peking from 1966, but returned to Shanghai with Yao in early 1967 to take control of Shanghai. In 1969 he was appointed to the Politburo and in 1973 to the Politburo standing committee. In 1975 he became a Vice-Premier and director of the Army's general political department.



Chi Teng-kuei, probably in his early fifties, was first identified as a local party secretary in 1959. He was described as a revolutionary leader in Hunan province in 1967, and a Red Guard paper of the time reported him as an old friend of Chairman Mao's. He was appointed to the new provincial government in 1969 and in 1969 he became a member of the Politburo. In 1975 he became a Vice-Premier. He is also political commissar of the Peking military units.



Chen Hsi-lien is now 63, a veteran of the Long March of the thirties. He took south-west China from the Nationalists in 1949-50, and held senior posts there in the early fifties when he worked with Teng Hsiao-phing. He commanded the Shenyang Military Region in 1959 and in the Cultural Revolution became chairman of the Liaoning provincial revolutionary committee. At New Year 1973 he was moved to command the Peking Military Region. He became a Politburo member in 1969 and a Vice-Premier in 1974.

A Chinese Who's Who

BY COLINA MacDOUGALL

WHILE NOBODY knows the full story of the campaign in China against Teng Hsiao-ping, who until a few weeks ago seemed destined to replace the late Premier Chou En-lai, the few established facts now seem to point towards a possible explanation. If it accounts for events in terms of personalities and not policies, that is because the campaign has become steadily more vituperative and the atmosphere around the aged Chairman Mao Tse-tung has grown increasingly Byzantine.

Three factors seem to have combined to make Teng a target. First, the death of Chou En-lai, the ageing of Mao and memories of the destruction of authority in the Cultural Revolution seem almost to have put power in Peking within reach of anyone strong enough to grasp it. Second, Chiang Ching, Chairman Mao's wife and his enthusiastic aide in the Cultural Revolution, evidently has a strong personal hostility to Teng and may well fear his revenge for the humiliations he suffered in 1966-73 once her husband is no longer around to protect her. Third, his alleged criticisms of post Cultural Revolution policies have made him vulnerable.

There are enough ambitious figures in Peking with Cultural Revolution links to Chiang Ching who can use her antipathy to Teng and her access to her husband for their own purposes. These men, owing their rapid promotion to the Cultural Revolution, resent the way in which Teng and others have emerged from obscurity in the past few years to become heirs apparent.

The result is a split in the leadership. In the past the division in Peking seems to have been between radicals who favour egalitarianism and a big role for the worker-peasant masses; and pragmatists who believe in expertise, a settled hierarchy and the right pay for the job. To-day Teng is under attack ostensibly for being insufficiently radical. But it looks more like a straightforward effort by the newcomers to get on top. As soon as Premier Chou was out of the way, they and Chiang Ching together were apparently strong enough to go on to the offensive.

At the moment the newcomers seem in a stronger position than the veterans. None of the active veterans on the Politburo, and only one of the veteran Vice-Premiers, has appeared in Peking during the last few weeks. By contrast, the three men from Shanghai—Chang Chun-chiao, Yao Wen-yuan and Wang Hung-wen



Chiang Ching, in her early sixties, married Chairman Mao in 1940, supposedly against the wishes of the other Communist leaders. A film starlet in Shanghai, she became interested in politics and went to Yanan (the Communist base) in 1937. After her marriage she

played no part in public life until the Cultural Revolution, when she was deeply involved in the attack on party figures and in fanning disruption. She became a Politburo member in 1969. Since then her overt political activities have been confined to culture.

—have all been visible on at least one occasion, and Chang three times. Shanghai is notable for the fact that the Press there, ever since the Cultural Revolution, has been more radical than elsewhere.

Chiang Ching, closely associated with the first two, in the Cultural Revolution, made one of her rare appearances to greet former President Richard Nixon and his wife, though this could be explained as merely a courtesy. Chi Teng-kuei, who, though he comes from Hunan province, seems to share the same kind of administrative experience as Chang Chun-chiao, has also been on view. Chen Hsi-lien, an experienced soldier who commands the key Peking Military Region, has appeared twice. The new acting Premier, Hua Kuo-feng,

was in the limelight during the Nixon visit, though a question mark must hang over him as his experience seems to align him more naturally with the old guard. Only a few of the newcomers are obvious allies because they hold common views. Among them the three Shanghai men stand out as a possible nucleus, though their backgrounds are very dissimilar. Chang Chun-chiao is a potential national leader, with years of party work behind him in China's most troublesome city, but his radicalism seems to have modified since he came to Peking. Of the other two, Yao is a writer and Wang a promoted textile worker. Both appear to be radicals, though formed by very different experiences.

Who is using whom in running the campaign against Teng is far from clear. Nobody knows how active Mao, himself is. The role of Chiang Ching, his wife, is hard to pinpoint. While she seems to be the driving force in the Press campaign she has no real political base. Her chances of attaining real power seem nil. Yet she must know that her interests lie with anyone who opposes Teng and the other veterans. Her relationship to the Chairman may be useful.

Chen Hsi-lien, the Peking commander, is perhaps the most significant unknown. Unconfirmed reports say that he replaced the aged Yeh Chien-ying as Minister of Defence when Hua became acting Premier. If the Chinese military had not been, on the whole, remarkably loyal to the party leadership Chen would seem a formidable contender for power. But in today's fluid situation, the old constraints could break down. Though Teng is—or was—Chief of the General Staff, Chen, as commander of Peking, controls the capital with his troops. It may also be important that Chang Chun-chiao and Chi Teng-kuei both hold senior posts in the Army.

Teng now seems unlikely to survive the campaign. However, the People's Daily in a recent editorial indicated that other officials who had erred might be welcomed back into the fold. This suggests that there is an effort to limit the campaign. The current leadership, as represented by the People's Daily, seems to have agreed to preserve the economic and social fabric from disruption by political activists, which is to be expected if its main objective was simply to oust Teng. But while a temporary compromise seems to have been arrived at, the future still looks very uncertain.

MEN AND MATTERS

Bottleneck at Brent Cross

After all the ballyhoo over the opening of the Brent Cross Shopping Centre in North London I decided to go and have a look. The centre was designed to revolutionise shopping in the area specifically with the motor car in mind and seems to be a great success in terms of attracting shoppers. Its main problem appears to be getting rid of them.

The development is sited on the junction of the North Circular Road and the Hendon Way and aimed to attract shoppers within a radius of 20 minutes drive to its 800,000 square feet of retail selling space and its car parking facilities for 3,500 cars. On Saturday the car park was full to overflowing, and shoppers found that while the shopping was convenient, it took more than an hour to get out of the car park onto the North Circular.

Although the centre is surrounded by numerous individual car parks all the exit roads seem to lead to one small roundabout. Thus drivers were frantically going from car park to car park trying one exit queue after another—only to find that all exits were blocked. The problem could have been partly due to congestion caused by the women's hockey international at nearby Wembley Stadium, but according to some of the retailers, it is usually a difficulty.

Not surprisingly there was a certain amount of disenchantment among first-time visitors. One man remarked that he had been lured away from the TV only because his wife had said that it would take 20 minutes by car. "I wouldn't have dreamt of coming if I had realised that 20

minutes was the time it took to get from one side of the car park to the other," he complained.

The retailers, who have already got used to these problems and have complained to the management about them, have found their own solution. Some of them park in local side streets and walk the rest of the way—a trend which cannot please local residents.

Travel agent?

Pakistan has never quite been the same tourist attraction as India, but plans are being considered which could alter that. Roedad Khan, Secretary to the Ministry of Tourism, says that his country may open tourist offices in London and Frankfurt within a year.

Khan points out that Pakistan has its fair share of the cultural and historical inheritance associated with the old India. The former Khyber Pass is in Pakistan, and so is Lahore—a centre of the Kipling Country. There are also centres of the Indus Valley civilisation while mountains and unspoiled scenery can be had in the disputed areas of Kashmir. In Khan's view therefore, Pakistan is falling down not on what it has to offer, but on the way it is selling it (or rather failing to). "We have got to get out and attract the tourists. It is no good sitting in Islamabad and waiting for tourists to roll up," he comments, and indeed the new holiday drive owes much to Khan himself. He is a Pathan in his early 50s who used to be in charge of information when General Yahya Khan was president of Pakistan.

After those harrowing days of trying to defend Pakistan's action in East Bengal (now Bangladesh), Khan was moved across



to the more restful occupation of tourism. Now, in that job, he is getting restless.

Glass boss

The U.K. glass industry has its own problems, ranging from conservationist opposition to one trip bottles and other disposable containers to harmonisation on EEC regulations, but it also shares problems with its fellow EEC glass producers. Since the U.K. joined the Common Market therefore the glass manufacturers have been represented on the Comité Permanent des Industries du Verre, which is the recognised body representing the entire glass industry within the EEC.

Vic Hender, managing director of United Glass, is the Glass Manufacturers Federation representative on the Comité Permanent as it is usually called, and now he has been elected pres-

ident—the first U.K. man to hold this position. Hender says he is flattered, but lays more emphasis on the fact that his election implies acceptance, in the glass industry at least, that U.K. manufacturers are now integrated into the European framework at a working level even if political misgivings remain.

As president Hender will make a monthly trip to the Comité's offices in Paris, plus occasional trips to Brussels for discussions with EEC officials. The type of problems he will be dealing with cover a wide spectrum, taking in such subjects as harmonisation of container sizes to allow unhindered movement of containers across frontiers within the EEC, alleged dumping by Eastern bloc countries, and safety regulations covering car windcreens.

With United Glass Hender's main experience has been in glass containers, and table glass through the Raychem subsidiary. However he is no stranger either to the somewhat different problems uppermost in the minds of flat glass producers such as Pilkington: for two years, in 1974 and 1975, he was president of the Glass Manufacturers Federation. It is usual for the president of the Comité Permanent also to serve for two years, but Hender reckons that he will settle for just one.

Nationalist

That four body The Faculty of Actuaries, based in St. Andrew Square in Edinburgh, has made its views on devolution quite clear. A recent circular signed by the secretary announces that a senior member of a U.S. company, "will visit Britain and Scotland."

Observer

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FINANCIAL TIMES SURVEY

Monday March 15th 1976

Insurance Broking

Over the past few years insurance has come out of the shadows of several centuries. The public is now much better aware of how the industry functions. The insurance brokers — the middlemen — are no longer the faceless men of old.

is a danger that people development of risk management in the U.K.

Finally, there is the relationship of brokers with the private consumer in such areas as household insurance, motor insurance and life insurance. Mr. Perkins pointed out that this relationship underlined the broker's responsibility for selling insurance to the public.

Covering these areas of responsibility are some 6,000 to 9,000 companies and businesses calling themselves insurance brokers. They extend from the handful of companies at the top whose operations are world-wide, falling very much into the first two categories mentioned above, to the one-man insurance broker operating in a small provincial town involved in indeed all business at has to be placed by brokers. Thus at the end of insurance the broker occupies a position.

istry

second main area in insurance brokers play a part in with industrial commercial clients. involves not only placing insurance needs around the clock, but helping to new types of policies to changing needs of individual advising and minimizing the risk within the operation of the client. Brokers set up as an insurance broker, giving a big part in the

Yet, at present anyone can long after the event. A classic example is clients being sold a whole life policy and being told

cations, expertise or financial standing. This does not really matter at the large corporate end of the market. Unless the firm possesses the necessary skills and finance, it will not even get started to compete with the established brokers. But at the individual end it is a different story.

Most individuals have often a purchase. We are now in an era of consumer protection and the events of the past few years have shown that while by and large the public get a good service from the brokers, the fringe operators can trade in this field virtually unchecked. The Government is now looking into the

British insurance industry has achieved its world-wide dominant position without much Government control. This is in contrast to the organisation of insurance on the Continent, where the control of the authorities is often paramount and the insurance industry in consequence lacks a world-wide dominant position.

excess of £60m. a year is formidable, but between two-thirds and three-quarters of overseas insurance business is placed by brokers as their indirect contribution to invisibles. Last year U.K. brokers had high hopes of making real progress towards harmonisation of services within the European Economic Community. The deci-

While the brokers have been concerned by the domestic and European problems, the big companies have been expanding their overseas operations considerably, often in partnership with local insurance companies and agencies. The overseas market probably remains the big growth area of the future, especially in reinsurance. The emerging countries are establishing local insurance industries which often reflect current nationalistic feeling.

But the expertise necessary to operate an efficient insurance industry cannot be acquired overnight. U.K. insurance brokers operating overseas are playing an important part in both the establishment and training of the local industry and personnel as well as in arranging the necessary reinsurance facilities which the local industry require. Brokers are certainly benefiting from the return of North American business to the London market which was lost during the premium cutting war of a few years ago.

Now that the public is becoming more aware of the functions of the insurance broker, it is possibly an opportune time for the insurance broking organisations to tell the public more about themselves, how they work, what services can be provided for the individual, and sources is one striking example for the small business, including the self-employed. The dominant part in the development of a new insurance field. There are likely to be others.

There are likely to be others. The next few years look like being those where decisions vitally affecting the future of insurance brokers are going to be taken, both by the Government and the broking organisations themselves. The constant shifts in the requirements of insurance at all levels big and small are likely to enhance the role of brokers in the growth of the insurance industry. The growth of offshore explorations and production of energy where brokers have played a role is one striking example of a new insurance field. There are likely to be others.

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Decisions

Time to encourage the public at large

By Eric Short, Insurance Correspondent

very hazy idea of their insurance needs and they will need considerable guidance as to what contracts are best suited for them, especially in life insurance. This is an area where it is all too easy to talk the gullible into accepting any form of contract. The client does not discover the error until long after the event. A classic example is clients being sold a whole life policy and being told

area of supervision of brokers and other insurance salesmen. ensure that it does not stifle initiative, foresight or sense of responsibility. qualities so essential for brokers operating in a very competitive world market. The task of the Government is not easy, but in deciding on the methods of supervision it must never jeopardise the overseas earnings of insurance brokers. The direct contribution in

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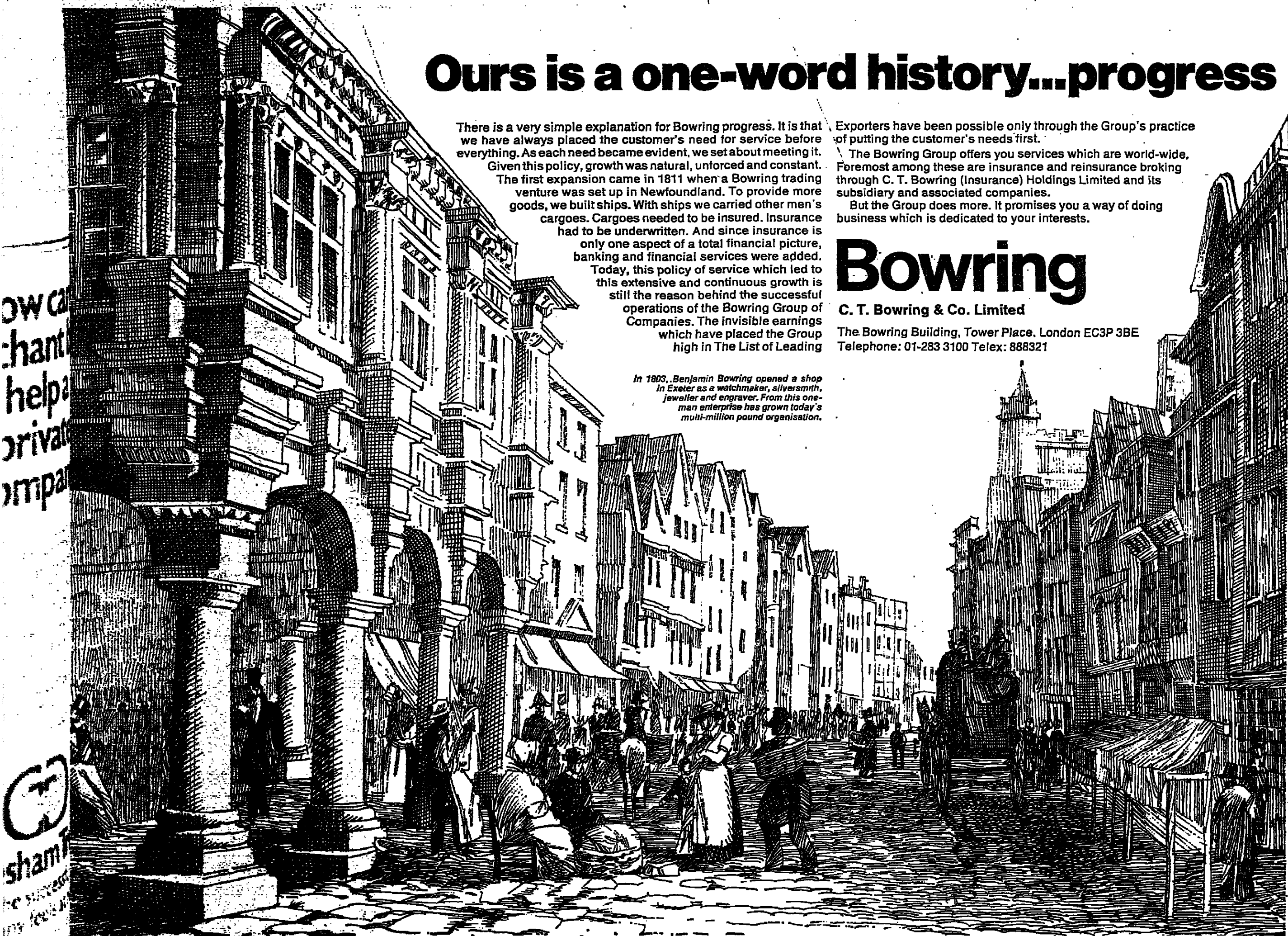
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INSURANCE BROKING II

Towards wider supervision

PEOPLE IN THE insurance marketing business often say or prove of financial solvency that insurance is sold not bought. Although this is frequently used as justification for high pressure sales of life assurance contracts, there is a lot of truth in this adage, at least as far as the general public is concerned. Insurance normally does not arouse more than passive interest from the man in the street and when he does become involved he is faced with the decisions of which insurance policy with which insurance company.

In these circumstances, the insurance marketing industry has grown over the years to a considerable size, but the growth has been rather haphazard. Thus we find a whole spectrum of organisations from the large broking companies and the insurance companies' direct sales staff, down to the part-time insurance agent whose objective is to advise on and arrange insurance contracts, both private and corporate.

No qualifications, experience or proof of financial solvency is required for anyone operating in this marketing field, yet the people involved will be giving advice on a subject that is extremely complex and will be asked to select the best contract from a considerable number of insurance companies. Such a lack of control in this current era of large-scale consumer protection. It is made even worse by the fact that anyone can call themselves an insurance broker, thereby assuming in the eyes of the gullible public an aura of expert knowledge and complete infallibility.

Concern

Many insurance brokers are not happy with this situation either, since the publicity surrounding the affairs of the few "black sheep" in the profession reflects adversely on the remainder. The various broking organisations have expressed concern in the past about the

lack of control, but because of the fragmentary nature of these bodies (there are four main insurance broking organisations and some minor ones as well) nothing constructive was done, until the Government expressed its concern regarding the position.

Then the brokers discovered a cohesion previously lacking. Last May, Mr. Peter Shore, Secretary of State for Trade, wrote to each of these four main associations—the Corporation of Insurance Brokers, the Association of Insurance Brokers, the Federation of Insurance Brokers and Lloyd's Insurance Brokers Association. He asked them for their views on regulation and supervision as an alternative to Government-imposed licensing of insurance brokers.

The reaction was the formation, in January, of a joint body—the British Insurance Brokers Council—which submitted a reply on behalf of all four bodies to Mr. Shore's request.

This represented the insurance broking industry speaking to the Government with one voice about matters pertinent to its methods of operations. Other professions have found it much more effective to present a united front when speaking to the Government, after hammering out their differences behind closed doors.

Although the details contained in this submission of the new Brokers' Council have not been officially published, it is believed that they set out various financial and experience requirements in order for an individual or company to use a proposed new title—Registered Insurance Broker. The suggestion is that the capital of any organisation trading as an insurance broker should have capital of at least £1,000 and that the directors or partners should have at least three to five years experience.

The brokers naturally want a self-regulation system operated by themselves, not only from self-interest, but because they

sincerely believe that such a system would be to the long-term advantage of the general public. They feel that any system of Government licensing will tend to stifle the fair and enterprise necessary for a successful broking operation.

The big question is whether these proposals would go far enough to successfully control the profession. It is believed that the Department of Trade does not think that they will and are having further talks with the brokers. The object of the brokers' submission is that when someone uses the title Registered Insurance Broker, the public will know that they are dealing with a person who not only has the necessary technical expertise to handle insurance matters, but is of the highest integrity, has sufficient capital backing and will be severely punished professionally if he steps out of line.

The above proposals as understood so far are not likely to achieve complete control of the profession. It should not be too difficult to ensure expertise, both theoretical and practical. It should also be possible to impose a minimum level of capital required and minimum indemnity insurance limits that will ensure financial stability, without making too onerous a burden on the individual. The crux of the matter will be in ensuring integrity.

The only effective way to do this is to impose very severe penalties on anyone found guilty of professional misconduct. This needs machinery to handle and investigate complaints against brokers and a body which would judge the case and have power to impose penalties, including the ultimate one of expulsion from the profession.

Other professional bodies have this arrangement, not only doctors and solicitors, but accountants, actuaries, and other lesser-known professions. But insurance broking is rather different, because it is only one means of marketing insurance. The present broking organisations have their own regulatory standards and discipline members who step out of line.

But these organisations cover about 3,000 of the 8,000 or 9,000 broking outlets in the U.K. (the exact number is not known), beside the other sources of

insurance selling. The sanctions by the brokers are, in the words of Mr. Perkins, the CIB's president, "power to do nothing, if a broker does not need a member of any association in business."

The answer to this vexatious problem possibly having an overall stamp just for brokers, but persons involved in insurance, together with backing from the Government, must be found. What must be done means whereby those barred from being a Registered Insurance Broker, the public will know that they are dealing with a person who not only has the necessary technical expertise to handle insurance matters, but is of the highest integrity, has sufficient capital backing and will be severely punished professionally if he steps out of line.

Specialist

However, while the present and the brokers' discussions on their problem there are two steps that could be taken straightaway to protect the public. The first is to ensure that the requirement of intermediaries to a minimum level of commission receive on each insurance contract recommended—liability insurance limits that will ensure financial stability, without making too onerous a burden on the individual. The crux of the matter will be in ensuring integrity.

The other step is to have a legal requirement persons marketing insurance to keep separate client accounts, subject to frequent audits. It is amazing, is not already the position, the dangers were high a recent case where it accepted the client's money because of financial constraints, could not purchase a contract. Any supervision must ensure client's money is protected as far as possible.

Eric

Growth of reinsurance

REINSURANCE has emerged over the last few years as perhaps the clearest growth area in the insurance sector, yet there can be very few people not directly involved in insurance who know how it works—let alone its importance within the industry.

What is reinsurance? It is a direct development of the first basic principle of insurance, that is reducing a risk by spreading it. Nobody will willingly carry the full liability for a large financial risk entirely on their own shoulders if the opportunity is there for them to share it with someone else, and this applies not only to insurers but also to insureds.

When insurers, whether companies or underwriting syndicates, take on risks they have to decide how much of a particular risk they are prepared to provide cover for. This decision will depend on several factors, the most relevant of which will probably be the size of the risk in relation to the insurer's own financial position. The insurer then sets what is called a retention level and any cover required over and above this he will reinsure elsewhere.

Reinsurers generally fall into two categories, they are either insurers who handle reinsurance along with their other more traditional insurance business, or they are subsidiary companies of larger insurance organisations which specialise entirely in reinsurance. There are no publicly quoted reinsurance companies in the U.K.

In either of the aforementioned cases, the reinsurance

interests, whether a subsidiary or a department are normally kept entirely separate from the rest of the organisation's insurance business. This is because of the very specialist skills which are required in reinsurance, but are not generally needed in the more traditional areas of insurance.

When an insurer is deciding how best to spread his risks he is most likely to choose an international spread. This is because if a large risk is covered entirely by the insurers of one country, in the event of the disaster actually occurring that nation's insurance industry will be put under severe pressure. For instance, if the compensation due on the series of natural disasters experienced in Australia in 1974 had all been covered by Australian insurers it is highly doubtful whether that nation's insurance industry could have survived.

In order to cope with the wide international range of reinsurance business the reinsurer has to possess a wide ranging knowledge of international insurance matters as well as being well up to date on the fluctuating trends of different currencies. This is really where the reinsurance broker comes into the picture. He also possesses this specialist knowledge and he can make the task of the insurer and reinsurer much easier by acting as an intermediary.

The true role of the reinsurance broker has been the subject of some debate in the past however. Reinsurance is after all a transaction between two insurance professionals and this has often raised the question of why can't the insurer and reinsurer deal direct. Indeed they can, and in the case of some of the larger companies they often do. On the life side in fact reinsurance does normally take the part of a direct transaction. Non-life reinsurance, however, is rather more complicated and often involves several different

reinsurers: here the broker can play a very useful role as a co-ordinator.

As with the traditional insurance broker, the reinsurance broker's basic function is to place the business at the maximum cover, for the minimum cost, with adequate security. However, beyond that the reinsurance broker becomes a much more sophisticated animal. He has to maintain close contact with the people who are likely to require reinsurance and those who can provide it and this contact often spans the globe.

Requirement

There can be little doubt that reinsurance brokers are enjoying an increasing volume of business and their numbers are growing. At the last count there were about 120 members of the Reinsurance Brokers' Association. These include several specialist firms who do nothing but reinsurance work, and many larger broking firms which have established reinsurance divisions.

Most of these support the view that business is expanding but there is some disagreement about where the best prospects lie. Certainly much of it has come from the developing nations. Although many of these have their own insurance companies, and even reinsurance specialists, these are often not yet strong enough to take the full burden of the industrial risks arising in their own country and they require the assistance of the reinsurance brokers to help them reinsure on an international basis.

However, not all U.K. reinsurance brokers are concentrating on the developing nations. Some, particularly the larger, feel that greater opportunities exist closer to home, within the U.K. or Europe. These firms often feel that reinsurance business with a developing nation takes too long

to bear fruit because of the greater technical service required when dealing with the less sophisticated companies in these nations.

What does seem clear though is that the U.K. reinsurance broker owes a great deal of his increasing activity to the fact that London, as with general insurance, is the world's leading market. London's dominance of this field can be judged by the fact many leading overseas broking firms have established offices in London so that they too can deal through this market.

One type of business which appears to stem entirely from London's leading position in this field is that of reciprocal exchange. If a foreign company wished to offer its reinsurance treaty throughout the world, in the hope of getting back "good business in return, it can do so through a clearing house of the Reinsurance Brokers' Association. This is one area of reinsurance where many brokers claim that their services are indispensable.

There has been some concern in the reinsurance sector lately that London's position as the main world market could be threatened by the falling pound, the currently weak economic climate, and competition from other advanced industrialised countries. If London were to lose ground here the growth prospects of many U.K. brokers would be seriously affected.

However, these fears so far are only slight. London does after all have many points in its favour, not least of which is the vast experience it has acquired over a long history as the world insurance leader. Moreover, the presence of Lloyd's, which derives at least 50 per cent of its premium income from reinsurance, must enhance its chances of hanging on to its position, which is just as well really since reinsurance is one of the U.K.'s major sources of invisible earnings.

Tom Kyte

Involvement overseas

INSURANCE broking is an international industry in two important and distinct ways—first, via the inflow of business into London-based operations, and in particular the connection with Lloyd's and secondly, via the growth of overseas offshoots involved primarily in local markets but also acting as a channel for the passing back of underwriting to the London market.

The Lloyd's operations were predominant in this context until the late 1950s but since then the leading brokers have been expanding their representation overseas. This was initially mainly in the old Commonwealth but more recently has been noticeable on the Continent, in the Far East and in South America.

The result is that at present probably around 60 per cent of brokerage income is in non-sterling currencies. In a recent review brokers J. and A. Scrimgeour estimated that in 1974 the proportion was as high as 78 per cent, non-sterling for Mifet and around 85 per cent for large groups like C. E. Heath, Howden, and Sedgwick Forbes, with only Hogg Robinson and Leslie and Godwin dependent on the pound for over half their brokerage income.

This heavy involvement in non-sterling business partly ac-

counts for the rapid rate of increase in income in recent years—not only because of the underlying expansion in premiums flowing to London or arising overseas, but also of course because of the impact of the decline in sterling.

Between 1972 and 1974, for example, brokerage income rose by 45 per cent, and the recent average annual growth rate of 30 per cent, or so compares with 17 per cent during the last decade as a whole. Currency fluctuations, which had a lesser influence in 1973 and 1974 than in the 24 per cent rise in 1972, again played an important role last year. After all, the sterling/dollar parity fell from \$2.35 to \$2.02 during 1975 and the dollar is by far the most important currency the brokers handle—around a half of the net inflow to Lloyd's, and a similar percentage of average brokerage revenue.

Moreover, brokers have been allowed under a Bank of England concession to retain their brokerage income in dollars for six months before converting it into sterling—a not inconsiderable advantage at a time when the pound is falling rapidly. Although the impact depends on the sale of dollars throughout the year, a new review from brokers Sheppards

and Chase suggests that this increase in income in recent years may have boosted dollar brokerage by at least a tenth in 1975 (leaving aside any change in income in terms of local currency).

Taking into account changes in other parties, especially the devaluation of the S. African rand, the net increase in the sterling value of a given volume of brokerage was probably around 6 per cent last year. So assuming the maintenance of expenses as a proportion of local currency income, this would increase profits by around a fifth on the Sheppards and Chase figures, for U.K. based international operations.

After also taking account of the impact on overseas earned profits, the overall effect of exchange rate changes last year was probably a rise of about 13 per cent in sterling profits on an unchanged volume of brokerage income. But of course the latter did change—and was increasing sharply—so that total industry income is likely to have jumped by slightly under 30 per cent in sterling terms. Profits may have been about 40 per cent higher, with exchange rate factors accounting for about half.

The exchange rate influence is most important for the

CONTINUED ON NEXT PAGE

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So, having discussed good brokers in general, let's talk about good brokers in particular. Here's a very short list of them.

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INSURANCE BROKING III

Offshore accidents a cause for concern

It has not been a happy hand, and the underwriting fraternity on the other. The maritime and gas industry. On the one hand, the 19,000-ton Deep Driller rig, owned by the Norwegian company, was being towed to the site of an accident in the North Sea. The rig was broken off and sank, causing the loss of human life and 17 injured.

The second major accident to hit the Norwegian industry in four months was the Deep Sea Driller rig, also owned by Odjell, which was broken off and sank, causing the loss of human life and 17 injured.

Three workers died on the rig, following an explosion. The rig was broken off and sank, causing the loss of human life and 17 injured.

The Deep Sea Driller rig was broken off and sank, causing the loss of human life and 17 injured. The rig was broken off and sank, causing the loss of human life and 17 injured.

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offshore industry is only 25 years old and in the sea itself less than ten. The British insurance industry has been quick off the mark in this new and complex field. Both Lloyd's and British insurance companies, the bulk of which cover for offshore operations and development has placed on the British insurance market. The marketing of insurance has been primarily in the hands of two agencies, Sedgwick and Bland Payne, where early formation of specialist firms has allowed an evaluation of expertise. Insurance brokers act as a bridge between the oil companies and the contractors on the one hand and the insurance industry on the other.

overseas

CONTINUED FROM PREVIOUS PAGE

based international valuation of the Rand on the one hand. While the large South African interests receive the full benefit of depreciation of sterling, the U.S. is still, however, the major market outside the U.K. and among the companies involved on a large scale there are C. E. Heath, Minet, Sedgwick, Forbes and Stenhouse. Several groups have also been strengthening their links with the U.S. during the 1970s—for example, Marsh and McLennan, the world's largest insurance brokers, has a fifth of the unquoted Bland Payne Group, a subsidiary of Midland Bank. And Minet took a 7 per cent stake in Fred. S. James, the fifth largest quoted U.S. broker. In return for the latter acquiring 32 per cent of Minet's overseas interests, outside North America.

ting

increase in flow of business across the Atlantic this year and indeed the possibility of testing the capacity of London to a new extent: the latest record of new names into Lloyd's ship may only allow the to keep up with inflation. view, Lloyd's, of course, is strongly placed to from the increase in insurance activity resulting from growing concentration and complexity of problems. So no slackening in the growth of brokerage into London is envisaged. local currency, let alone terms. In addition, many brokers in increasing proportion come from various overseas operations, and these may have accounted for of the total in 1974. Certain fluctuations are less significant since costs are also rising from dollar. It may have been partly the impact of the de-

are taken into account before premiums are aggregated to give an overall rate.

At every stage, the specifications must meet those laid down by the Department of Energy and this is where the classification societies—Lloyd's Register's Offshore Services Group and Norske Veritas of Norway—have a role to play. The underwriters largely rely on the oil companies and Lloyd's Register to oversee these specifications, and indeed Lloyd's Register undertook an examination of the 60 existing rigs and production platforms in the U.K. sector of the North Sea last summer. In one area, however, independent surveyors like Noble Denton are called in by the oil companies to track the towing out and positioning of installations.

Apart from the intrinsic problem of assessing risk in a situation involving high technology and atrocious environmental conditions, offshore exploration and development has thrown up a number of other problems for the insurance industry. First, there are the inflationary factors, which

Generate

If the insurance industry is to exist as a service business it must be able to provide cover, or, in other words, be able to generate capacity. Banks engaged in project lending wish to see insurance cover as an element of security and when this is hard to arrange, the financing and development of a field

may be in jeopardy. This problem is presumably felt most acutely by the smaller oil or commercial companies operating in the North Sea. But the insurance industry has already committed itself to an enormous degree, and in the face of the recent string of accidents there must be some limit to the amount of capacity the industry can provide.

The pace of offshore activity, at least in Europe, has certainly slowed. The number of rigs operating in the North Sea, for example, is likely to fall sharply this year and forward orders for new platforms have dropped dramatically, foreshadowing a surplus of rigs and sites in Europe. But oil discoveries are still being made (as in the case of Ranger Oil this month), the fifth round of U.K. sector licences is looming on the horizon, and the technological shift into sub-sea completion and floating platforms (at Brent, Beryl and Magnus) is a further catalyst in the future development of offshore insurance markets.

Terry Wilkinson



The Norwegian oil rig Deep Sea Driller aground off Western Norway at the beginning of this month.



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INSURANCE BROKING IV

Clearing banks widen their service

THE EXTENSION of the range of services offered by the big banks into the field of insurance over the past ten years or so has already brought them to a point where they represent an important force in the market, particularly in relation to the personal sector. Their continuing development is likely to take them increasingly into the business of providing insurance broking services for the small and medium-sized companies, and ultimately into competition even for the big business.

Their participation in the market has brought some biting criticism for some sectors of the industry, based mainly on the arguments against the combination of insurance advice with other services including particularly banking. From the point of view of the banks, however, there is no doubt that the development is an entirely logical move into a financial advisory service which complements the other aspects of banking. Indeed, the basis of the insurance business and the relationships with customers which it involves were already there years ago in the advice offered by many branch managers individually before the banks set it up on an organised basis.

Tradition

The banks have been able to build on this tradition in recent years, as part of their general programme of making more effective use of their branch networks. With their countrywide coverage, the big banks have an unequalled asset as a marketing tool for all kinds of financial services. The heavy increases in the cost of running the branches, moreover, have given them every incentive to make use of this asset in as many ways as possible.

The development of the banks' insurance activities, however, may also be seen as a symptom of the ways in which the market itself has changed in recent years. A range of insurance products has been developed which could not have been foreseen even a decade ago, including both the emphasis on investment through insurance as opposed to simple protection and greater concentration on packaging the product to meet the

needs of the public and to make it easier to sell.

In this, as in other areas, the branch manager is unlikely to be able to keep up to date with all the latest developments in order to advise his customers. While the development of greater specialised expertise in the banks is no doubt helpful to the customers, therefore, it may also be seen as another aspect of the general problem faced by the banks in retaining their branch "general practitioner" tradition.

The branch in all cases remains the focal point of the service and the main point of contact with the customer; the local manager is still the man who has the confidence of his clients. But in all the big banks he is now backed up by a specialist organisation staffed not by bankers but by people drawn from the insurance industry and able to cope with the greater complexities of advising on insurance matters. The organisation varies among the banks: National Westminster, for example, has centralised its insurance staff in Bristol whereas the other big three banks have retained a decentralised operation with insurance advisers in each of their regional centres.

The amount of discretion allowed to local managers also differs among the banks. In some cases, such as Barclays, the banks have designed packages covering areas such as building and contents insurance, travel and short-term life cover which the manager is able to sell across the counter. At Midland, managers are able to deal with the smaller with-profit life policies but not with non-profit risks. In general, however, the picture is that the bulk of the insurance business, and particularly any large or complex deals, will be passed on to the specialists.

The development of these organisations has now put the banks in a position to offer a comprehensive insurance advisory and broking service to customers, on both the life and general sides and including specialised areas such as estate and tax planning and investment. At Lloyds, indeed, the insurance services are organised specifically in the context of the bank's trust department.

The debate over the position of the banks has arisen not over the quality of the advice they provide, but over certain areas where critics maintain that they face potential conflicts. One point which is raised concerns the relationship between the banks' insurance advisory services and the other activities in which they are involved, and the possibility that customers could be pressurised into using the insurance division.

The separation of the insurance activities from banking in specialised divisions provides a protection against this danger. And in any case, the banks maintain, the competitive character of the market in both

banking and insurance broking ensure that the advice they give must be independent and objective.

Similar considerations apply in relation to the establishment of links with individual insurance companies. Attitudes differ in this area, with some banks preferring to avoid this type of connection but others making use of a number of named companies—in relation, for example, to the various packages being offered. In one of the recent developments, however, when Midland linked up with the Prudential to launch its new savings plan based on a ten-year life policy, it was decided that while the policies would be written by a Prudential subsidiary the investment of

the savings would be linked with the Midland group's own unit trusts.

Nevertheless, the combination of the two activities may not be inconsistent with the provision of independent advice. Other financial conglomerates with both insurance companies and brokers within the same group manage to operate the two at arm's length, and the banks maintain that their own direct underwriting activities have been made only in minor instances, including particularly life assurance fields where the banks are in direct competition with the established insurance companies.

National Westminster is the only one of the big four banks which has no life company of its own.

Perhaps the most sensitive area is in the actual underwriting of risks by the banks themselves, where the combination with broking activities could be seen as involving a direct clash of interests. So far, the diversification into insurance has been concentrated mainly on the advisory side. The move into direct underwriting activities has been made only in minor instances, including particularly life assurance fields where the banks are in direct competition with the established insurance companies.

Their growth, however, has been substantial both on the personal life side, where perhaps their most obvious role lies, and in the field of general insurance, where the Big Four now have at least half of their business. They have already developed extensively into the provision of similar services for professional and small and medium-sized commercial customers. And one bank, the Midland, with the acquisition of Montagu Trust, has brought the leading Lloyd's broker, Bland Payne, into its group, and is in a position to pass on to this company any clients which are appropriately handled in this way.

The other banks have not yet

reached this stage, and, in whole, the nature of their activities has not been brought into direct competition with the big brokers; the type of business on which the banks have tended to concentrate, mainly covering smaller insurance needs, is not welcome to the big Given the considerable advantages which the banks' access to customers in marketing insurance has, however, there is little doubt that they will move further into the insurance business, occupying an increasingly important position in the market.

Michael Bils

Careful planning pays off

IT WOULD probably be fair to say that "financial planning" was at one time only really applicable to the wealthy. For the great majority, estate duty was a rather remote and not deadly serious threat. Inflation, economic climate and legislation, in spiteful combination, have changed all of that, and almost everyone is now well-advised to examine his own financial circumstances.

CTT, the replacement tax for estate duty, is a real horror for a far greater number of people than its predecessor: it covers a wider band and the opportunities to escape or take avoiding action are few indeed. It is a tax that threatens, in particular, the family business, and it is widely predicted that a great many small firms will be closing down due to the tax burden when the business is to be passed from one generation to another.

It is doubtful whether the full implications of Capital Transfer Tax have yet dawned on the general public, however, since the designers of the tax have written in a "relief" to the effect that tax does not arise when capital passes on the death of the husband to the surviving wife. The belief that the spouse is thus spared any of the anxiety during her lifetime has

had the effect of people taking no action at all to preserve the estate for the children or other beneficiaries. The attitude, quite unwisely, appears to be to let the children worry about the tax themselves.

The average insurance broking firm, with a personal financial planning department, can in fact achieve quite a lot. Life assurance is probably the only mechanism left where it is possible to fund efficiently for tax. In other words, if the tax has to be paid then it is a question of providing for it when it comes.

Studies

The good insurance brokers have already made detailed studies of the new CTT laws and it is not an idle claim that with the correct advice, and simply by using the various exemptions to the maximum, it is possible to generate sufficient liquid funds on a sizeable estate to meet the liability during one's lifetime.

Of course, not everyone is obsessed with the idea of preserving an estate. Some are in the far more parlous state of having to face an income that is under fire from inflation. The order of the day then appears

to be to generate sufficient income from capital to live on. Again, life assurance and the insurance broker can come into useful play. Probably the most popular device for achieving this objective is the single premium life assurance contract with an investment link—either to property, shares, fixed interest, a combination of all these, or a convertible bond which allows the investor to switch between the various types of asset at very low cost.

It is possible to take a 5 per cent. income withdrawal on a single premium contract without having to pay tax until a much later date. So the tax is not avoided, merely deferred for 20 years, by which time of course the person may no longer be around. This 5 per cent. can either be used for income or can be ploughed into a regular premium life assurance contract with all the appropriate tax relief on the premiums. Before April 1 this year it is possible to take out contracts which are 100 per cent. investment, with no life assurance content, but

still obtain tax relief. Quite understandably, the insurance brokers are currently doing a roaring trade before legislation shuts off the tap.

It would be quite an erroneous impression if the public left the separate areas of clearly related and it is often possible for a plan or a solution to be hammered out with all parties present to the satisfaction of the ultimate client.

Although the services of financial planners are clearly needed in today's harsh conditions, it would be accurate to say that they, too, have gone through a rough period themselves. During the last bear market in equities which only came to an end fifteen months ago, a great many people lost a great deal of money and this is still unrecovered; even though we have seen a strong recovery share prices are still around 25 per cent. below their previous peak. A great many people have also lost a fortune, if not their entire assets, due to the shake-out in property. In these circumstances it is hardly surprising that a great many

people turned on their mental advisers, stockbrokers, insurance brokers and banks alike. That a great many to mess is not in question: the insurance broking industry was not without sign that Anthony Gibbs shed a mature half of its staff personal financial service to match the drop in demand.

Conditions have clearly up since then. But their threat to the insurance industry that could result in deterioration of service customers. Later on it there is to be a wide range of commission the life assurance contracts is widely expected that a of medium-sized brokers forced out of business change. The larger brokers survive comfortably but their wider range and it that the wealthier client be well serviced. At the end of the scale, it is the small, one-man men firms will survive other end of the scale. And it is in the middle of customers that the m has been caused.

Keith

Protection for the consumer

GIVEN THE complex structure of the insurance market it is not surprising that the majority of the public has little knowledge of what insurance is available and this includes both life and non-life. As such they are hardly in a position to determine just what policy is best suited to a particular need. This in turn leaves potential customers heavily dependent on the intermediaries such as the broker for advice.

The fact that some of the 9,000 or so firms that are operating as brokers in the U.K. are not in a position, for one reason or another, to offer this type of genuinely independent consumer advice, has left the industry open to criticism for failing to fulfil what is generally regarded as one of its major roles. The problems facing the industry are basically two-fold. The sheer cost element often makes it uneconomical to give anything but just the basic on the spot guidance on policies where the commissions are minimal. This would include such policies as general house contents and car insurance, and it is ironic that these are often precisely the areas where the consumer needs most advice, particularly on such matters as claims, where the insurance companies themselves are comparatively weak.

The other problem as far as the consumer is concerned is that many brokers are just not equipped to give the necessary advice. It is a known fact that the insurance broking world is relatively easy to gain entry and as such the talents of those operating as brokers often leaves much to be desired.

Indeed because of this lack of expertise the consumer is not only deprived of the necessary advice but is often saddled with the wrong type of policy for his particular need. This fact was recently highlighted by a survey carried out by the Consumers Association. In an investigation among more than 500 of its members it was determined that two out of three people buying a common type of insurance policy were being sold a more expensive one than they needed. It was stressed that if the consumer was to be protected from this type of practice then there would need to be a radical change in the way commissions are paid: it was shown that commissions on two types of typical life policies designed for different needs varied from

about £2 to as high as £200.

Consumers who basically only required a form of protection for their dependents in the event of a premature death were being sold investment type policies by the less respectable broker, since the commission rates were much higher.

The Government with the help of the four major organisations in the broking field is currently reviewing the whole structure of the insurance broking sector with the view to improving both the quality of the brokers themselves and the service offered to the consumer. Moreover, the Life Offices Association has already taken some steps to prevent consumers being sold a more expensive policy than they might otherwise need. From July this year a new system of commissions will come into operation. From that date commissions will be paid on the annual premiums and the length of the policy. This will replace the present arrangement where the return depends on the sum insured. The new scales will vary with the type of cover. On a whole life and endowment policy, which accounts for the bulk of insurance sold in the U.K., the companies will pay up to 2½ per cent. of the annual premiums, with a maximum of 60 per cent. of the first year's sum.

Maximum

For a fixed term policy the insurers will pay a lump sum of 10 per cent. of the premium for each year of the policy's life, subject to a maximum of six years, or 60 per cent. but no renewal commission will be paid.

The Life Offices Association feels that this new scale of commissions would encourage a more impartial service from the broker without raising the cost of insurance or cutting surrender values. Whether or not this move succeeds remains to be seen. Certainly opinion seems to be split. The three major insurance broking associations have agreed to the new structure of commissions on life policies. By and large the more professional insurance brokers tend to go along with this agreement, but there remains a certain amount of friction in the fact that the professional broker such as the accountant or solicitor gets the same scale of commission.

On the other hand there are those brokers who feel the new scale of commissions will encourage a swing to more expensive short-term policies where the premiums would be much higher and, of course, the commissions that much more favourable to the broker. Moreover it is felt that the small to medium-sized broker could be forced out of business, with some estimates putting the shortfall in life commissions as high as 30 per cent.

The fact that it has been necessary to make some amendments to life policy commission rates tend to suggest that brokers pay little attention to their clients' needs with their main aim to get the highest possible reward. It is a pity that the efforts of a few less respectable brokers has given rise to this general impression.

The more conscientious broker pays great attention to the value clients place on his work. As such he would be prepared to offer his services on all matters of insurance, including advice on claims procedures, even if the commission on that particular policy was minimal. The object here is that if the client is pleased with the service it could lead into more profitable forms of insurance, while at the same time the client would be more likely to recommend his broker.

The cost factor, of course, is an escalating problem, and this must always be at the back of the broker's mind when determining just what service he can give his client. The position must be more acute for the smaller provincial broker since there tends to be more routine work involved here, although they do appear to have one or two advantages over their larger London counterparts. If the provincial broker is fully qualified he is able to give a complete service, and since they are invariably equity owners there is more incentive to give that little extra.

Within reason, then, the bulk of the more professional brokers are giving customers a fairly comprehensive service, but given that escalating costs could quickly erode the quality of that service, it is as well that the Government is now taking an active interest in the sector, with a view to protecting the consumer.

David Wright



One of our earlier brokers. He was there before the Lutine Bell rang

The Lutine Bell has, after all, been at Lloyd's only since the middle of the last century. We boast the terracotta bust of one of our earlier brokers, who was accredited to Lloyd's in the 1820s.

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to at least 1793, giving us an unbroken chain of expertise spanning the best part of 200 years.

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INSURANCE BROKING V

Lloyd's retains its hold

LLOYD'S BROKERS are the main marketing arm for underwriters at Lloyd's. Business comes to the Lloyd's market only through those brokers approved by the Committee of Lloyd's. Thus underwriters are dependent on the "business-getting" abilities of Lloyd's brokers.

It should not be thought, however, that Lloyd's brokers place business exclusively in the Lloyd's market. A few classes of business are not handled there. And of course, for the larger risks, the participation of major insurance companies is also needed. Many companies in the City are geared to accept business through brokers in much the same way as Lloyd's underwriters.

When thinking of competition in insurance (and there has been plenty of that in recent years), one advantage of the Lloyd's market is the fact that overheads, as a percentage of premium income, tend to be lower than for many other insurers throughout the world. On occasion, this can give the Lloyd's market a competitive edge. It does not, however, amount to a "cut-price" market.

Underwriters at Lloyd's aim to write business with a view to making an underwriting profit, and not simply to generate premium income in the hope of making investment profits even if there is an underwriting loss.

Competition

In recent years, this has meant that, with intense competition on a world-wide basis, on many occasions underwriters have been prepared to see business go elsewhere, rather than write it at what they feel to be uneconomic rates of premium. When this situation arises, the Lloyd's brokers, having complete freedom to place business where they like, may sometimes use other world markets. On the other hand, for really large risks, such as the major world fleets, the percentage of the risk which a Lloyd's broker is asked to place in other parts of the world is replacing a larger proportion than previously.

While for certain classes of business there is still very keen competition indeed, in some cases "cut-price" overseas underwriters have burnt their fingers and are withdrawing. As a result, there is a marked in-

crease in the volume of business being shown to Lloyd's underwriters. In some cases, the position is being reached where underwriters at Lloyd's are seen in the past, and now have the opportunity to write at what they consider to be equitable rates of premium.

There is, however, the drawback that underwriters cannot always write as much business as they would like. Part of the system which has made Lloyd's renowned for security throughout the world is a limitation on the premium income which can be written related to the security of the individual syndicates in the form of deposits, etc. lodged by individual underwriting members.

While Lloyd's has had a welcome increase in membership (and thus in overall "capacity") sterling premiums have increased sharply—for a variety of reasons. First, due to poor underwriting experience in certain parts of the world, increases in premium have been levied. Secondly, inflation has had the effect of increasing many property values and indemnity limits under liability policies. Naturally, these increases have resulted in higher premiums being paid. Thirdly, the depreciation of sterling has affected Lloyd's underwriters, since a large proportion of the market's business comes from overseas and premiums are converted into sterling.

At the end of last year, the chairman of Lloyd's said that the stringency with which the Committee of Lloyd's applies the discipline related to premium limits might be regarded as too inflexible. He added that the matter is always being reviewed, but there was no intention to allow expediency to be the excuse for abandoning basic principles. Shortly afterwards, a modest relaxation was announced, related to the deductions which may be made for premiums paid in connection with outward reinsurance.

Traditionally, Lloyd's has been something of a "high risk" market, with underwriters being prepared to quote for risks for which there may have been little or no experience—and which many other insurers would prefer to leave well alone. A good example of this is the insurances connected with offshore drilling and pro-

In its early days, this business was unprofitable; but underwriters at Lloyd's, with some support from London companies, decided to persevere. The business was put on a profitable footing, and plenty of competition has sprung up from elsewhere. Now, premiums related to North Sea operations form a significant part of the overall marine premium income for the Lloyd's market.

Accumulation

There is, however, a massive accumulation of highly valued structures and potential third party liabilities in a relatively small area. As one leading underwriter in this field has put it: "it gnaws at the basic theory of underwriting principles—namely a balanced book promulgated on a spread of risks." While, therefore, the business may come to London in the first place, in view of the expertise of brokers and underwriters in this field, it is necessary for the world insurance market to participate by providing different forms of reinsurance, so as to spread the risk.

The London insurance market has the reputation not only for integrity and capacity, but also for flexibility. Lloyd's brokers, therefore, will put together insurance coverage so as to meet the needs of specific clients. Naturally, there can be no set pattern to this, since to some extent each contract depends on individual requirements.

Apart from devising new forms of cover to meet specific needs, Lloyd's brokers can often see a need for a new form of insurance and are prepared to see how such insurance can be written and developed. Sometimes, a broker with particular expertise in a certain field may arrange facilities in the Lloyd's market which can then be used by other Lloyd's brokers on behalf of their clients.

Naturally, if an underwriter at Lloyd's has an idea for a new form of insurance, this is likely to be developed in conjunction with brokers, since it is the latter who will be in touch with clients, and who will be able to suggest modifications from the marketing point of view.

Sometimes too, a broker

wants to introduce a new form of insurance which may involve heavy risks—and for which there may be little or no past experience. Unfortunately, on so many occasions, experience in insurance has to be "bought"—in the form of claim payments. So as not to over-expose any one syndicate or company, a number of syndicates (and, perhaps companies as well) may each write a modest line, in the hope of being able to acquire a reasonably wide spread of the new form of insurance, so as to gain experience.

For instance, one broker arranged a facility, providing cover of up to £500,000, for a new form of legal liability insurance—to protect industrial and commercial companies against legal claims made against them for damage or compensation in respect of infringement of patent, designs, trade mark, trade names, copyright or passing off in connection with any article, product, commodity or thing sold or supplied. In due course, this may become a recognised class of liability insurance.

Underwriters at Lloyd's always are anxious to acquire more "small premium" business—house, car and other personal insurances—since these provide a wide spread of risk and help to balance the overall portfolio. Here, high administrative costs can be the bugbear; over the past few years, a number of methods have been devised for cutting costs and streamlining procedures. Through Lloyd's brokers, insurance brokers in different parts of the country may be given authority to accept business on behalf of underwriters within predetermined limits.

On the motor side, there are facilities whereby a Lloyd's broker can introduce provincial brokers to motor syndicates at Lloyd's. Thereafter, the local broker can deal on a day-to-day basis direct with the syndicate, with the Lloyd's broker remaining responsible for the payment of premiums to underwriters.

All in all, in an increasingly competitive atmosphere, Lloyd's brokers have more than held their own—thanks, to a great extent, not only to the fact that they can place business at Lloyd's, but also to their own ingenuity and flexibility.

John Gaselee

Shares recover

AFTER AN unaccustomed fall from grace in 1974, shares of insurance brokers surged back strongly during 1975, with the sector rising by 196 per cent. against a gain of some 136 per cent. for the All-Share Index. Whereas in the bear market the sector's low yield had left it vulnerable, the return of confidence made investors happy to look once again at the prospects for earnings growth. The sector has now been restored to its former high-flying status; it has the lowest average yield and the highest earnings multiple of all the forty-odd groups and sub-sections of the F.T. Actuaries Index (apart from the very special case of the property sector).

A number of reasons can be advanced for the high rating of insurance broking shares. They make up, for instance, a relatively small and tightly held sector which has an enthusiastic specialist following. And the quoted broking firms suffer from few of the drawbacks of the general run of industrial and commercial companies: there are no labour problems to speak of, while inflation and devaluation can almost be turned to positive advantage.

But the most obvious characteristic of the insurance brokers is their ability to provide reliable earnings growth. In a period of two or three years in which most of the one-time glamour stocks—from Tesco to Rank Organisation—have blotted their growth records, the insurance brokers have in most cases kept on growing.

In both 1972 and 1973 the average pre-tax profits growth for the large quoted insurance brokers was close to 30 per cent., and while 1974 was a mediocre year for them by normal standards, they still chalked up an improvement of around 14 per cent. Although few figures relating to 1975 have yet been published, growth is certain to have accelerated again. Alexander Howden's pre-tax profits were up by a third, Sedgwick Forbes by 21 per cent. In 1976 a further advance is indicated, although growth may ease off a little.

A good deal of this growth, of course, simply reflects inflation. Insurance brokers are almost

Recovery

On top of the inflation factor there has also been a recovery in real growth, although this is more difficult to assess. Much hinges on problems of the insurance industry in the U.S. which has put into a phase of serious underwriting losses and an associated lack of capacity due in the main to erosion of solvency margins. This has put the London insurance market in a position to attract a considerably greater volume of North American business, at higher premium levels than the cut-throat rates which were seen in 1973 and 1974.

Unfortunately, however, the London market also faces capacity problems—especially Lloyd's which probably accounts for about 50 per cent. of the premiums going through the big London brokers. The number of "names" has been rising but not fast enough to cope with potential business. Underwriters are being selective, and the brokers may find it more difficult and thus more expensive to place business. Another difficulty arising

from the brokers' connection with Lloyd's is that the underwriting agency income which is important for some companies like C. E. Heath and Hogg Robinson is on a sharply declining trend. This reflects the profitability of Lloyd's underwriting, with the 1973 account (closed at the end of 1975) likely to prove significantly worse than the previous few years. The outlook for the 1974 account, moreover, is bad, and it may be several years before the recent turnaround in the underwriting agency income of the brokers.

Another unfavourable factor is the decline seen in world-wide interest rates as a result of the economic recession. Only very slight signs of a recovery in interest rates has been evident so far, notably in the U.S. Investment income may account for some thing like a quarter of the profits of a typical large broker, the interest being derived mostly from premiums in transmission, but also partly from the brokers' own cash resources. Despite continuing rises in cash balances, investment income will have shown little increase in 1975 and may not be very buoyant in 1976 either.

Yet overall profitability should be helped by a likely slowdown in the rise of expenses like salaries, rates and telephone charges which made 1975 a very bad year for costs generally. Hence the continued optimism about prospects for the insurance broking sector. Some stockbrokers, it is true, are becoming concerned that the shares may be becoming overvalued. So far in 1976 the sector index has risen only very slightly relative to the market as a whole. But others point out that insurance broking profits are "real" whereas other sectors would be very hard hit by the impact of inflation accounting.

The improvement in share status has allowed merger activity in the industry to get under way again after a break. Last November, Alexander Howden made a successful bid for the smaller quoted company Halford Sheel, for which it paid some 313p a share, a far cry

from the 54p at which HS shares had been quoted at the start of the year. Subsequently Howden also bought the unquoted company Morrice Tozer and Beck. It would not be surprising to see further bid activity in the sector in the course of 1976. There has recently been speculative activity in the shares of Leslie and Godwin, for instance.

Among the individual companies the largest, like Minet and Sedgwick Forbes, continue to hold high ratings, although Howden has been held back somewhat by doubts about whether it can sustain its recent high growth rate, and by the impact of new shares issued in mergers.

Sedgwick was optimistic in its recent report for 1975, suggesting that the full benefits of the 1972 merger were at last coming through.

Exposure

Despite their exposure to Lloyd's underwriting C. E. Heath and Hogg Robinson have tended to be good market performers, perhaps because agency income is anyway less important for them (especially in Heath's case) than it used to be.

Matthews Wrightson and Stenhouse tend to be held back by their diversifications, in the former case into areas like shipbroking which has turned very dull, and in the latter into unexciting industrial activities. But both these two offer high-ish yields.

C. T. Bowring is a former giant of the sector which diversified into other financial areas including banking and instalment credit at an important time. Its shares have rallied over the past year, but its price remains a long way below its one-time peak, although the insurance brokers sector index is little more than a tenth below its late 1972 all-time high.

Stockbrokers specialising in the sector, notably Sheppards and Chase and Kitcat and Aitken, remain long-term bulls, but are slightly nervous about some of the ratings. Scrimgeour, on the other hand, sounds rather a bearish note.

Barry Riley

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Setting out pension options

PROVIDING A socially acceptable level of pensions for those in retirement has been an ideal that successive Governments have striven for in various schemes ever since the Beveridge Report some 30 years ago. However, at last a scheme has finally been hammered out and is embodied within the Social Security Pensions Act 1975.

In a nutshell the Act attempts to add a second tier of pensions, on an earnings related basis, on top of the existing flat-rate pension payment. This second tier can either be provided by contracting fully into the State arrangements, or the earnings related part can be provided by way of private occupational pensions plan, providing that certain minimum requirements are met.

The other main ambition of the Act is to maintain pensions in "real" terms. The State is committing itself to "inflation-proofing," but the Act does not require that industry also

leaves itself open to such an on-going commitment, requiring only a 5 per cent. upgrading factor to offset inflation.

The major question now facing employers is whether or not to contract fully into the State arrangements. The question sounds simple enough, but the complexities of the regulations make clear-cut decisions impossible without taking each individual case. By and large most medium and large companies with existing occupational pensions schemes will probably take the decision to contract out—as is the advice of the insurance broking firm, Sodgwick Forbes. Even where staff had been offered better schemes than the workforce it is probable that most will upgrade the benefits to come in line to contract out, though financial considerations must be taken into account. However, because of the difficulties of opting for one way or the other most employers will need professional advice from outside sources.

Impartial

So to keep the consultant on an impartial basis many brokers are offering much of their research work and advice on a fee basis rather than relying on commissions. Willis Faber and Dumas, existing schemes that may be in

receives as much as two-thirds of its revenue by way of fees, though perhaps this is the exception rather than the rule.

Taking a straw poll of consultants at Bowring, Leslie and Godwin, and Sedgwick Forbes, it becomes apparent that most are in the latter stages of formulating their advice, though some have produced various booklets and pamphlets. Others such as Bowring and Laybourn are producing visual aids and B and L has got together a 30-minute colour presentation on the pensions subject. However, with the regulations not to come into force until 1978 there is little sense of urgency in their offices and most of the action is expected to take place in 1977.

Generally speaking the consultants are taking no hard and fast lines on whether employers should contract in or out. Each case will have to be taken separately, and the financial advantages and disadvantages examined in conjunction with any existing schemes that may be in

existence. It will, however, amount to more than just pure financial equations. For it is Mrs. Castle's intention to put pensions alongside pay on the negotiating table, and consultation with employees is mandatory.

Understandably then, the attitude of both employer and employee will be of paramount importance before any final decision can be formulated. Still, the TUC booklet published last month does at least seem to be taking a softer line than might have been anticipated.

Nevertheless, it will be the broker's job to set out all the possible options open to employers, with all the arguments for and against, and cost exercises on each course. Having done so, the broker will obviously have to give his opinion on the best option and though it will be the employer and employees who will be involved in the final decision the broker will be judging them in the right direction. In this respect the consultants will have to work alongside both union representatives as well as management.

If the decision is taken to contract fully into the State arrangements the broker's role then is negligible, while if the company decides to contract out via a life office the role of the broker will also be limited. However, even if the pensions

scheme is put through, office the broker may be involved in the administration, but it is essential to maintain a watching brief in the day to day running of the scheme, the broker must ensure that the company continues to be covered by the scheme, and if management decides to contract out and opt for an administered arrangement, the broker's involvement will vary directly with the company's requirements.

Generally they will be on the type of investment should be aimed for, may even suggest portfolio managers to administer to day investment decisions. As a breed the brokers handle this side of the

Terry

Risk management

THE CONCEPT of risk management still attracts a great deal of scepticism, even though the idea has been with us in this country since the beginning of the decade, and in America for more than 30 years. All the sizeable risk management consultancies—and there still are not that many—are owned by major insurance broking houses, and the main critics of risk management are those of the other insurance broking firms which have chosen not to create their own subsidiaries.

Opponents argue vehemently that risk management is only a marketing device for something that any good insurance broker carries out anyway in the normal course of his duties. The purist risk management consultant would argue, equally fiercely, that the insurance broker only thinks in one way—that is, the only way to handle risk is to cover it with an insurance policy.

The risk management devotee would say that the only way to treat risk is to attack the other end—that is, eliminate as much risk as possible—and only then either accept the remainder, or cover it with an appropriate policy. Clearly for the average broker to think in

these terms, when his professional lifeblood is provided by the commissions generated on insurance policies sold, would be too much to ask. But by the same token the insurance broker who oversold to any great degree is unlikely, in such a competitive market, to hold on to his client for very long. So, probably both schools of argument have their merits.

Response

It is nevertheless true that the risk management consultant will gain most response from a potential client if he can promise to save sufficient in insurance premiums to cover his own fee. It is therefore not too clear whether customers actually appreciate the advantages of risk management and recognise it is another branch of management, or whether they are prepared to succumb merely to achieve a saving without too much genuine concern as to how this is done. Consultants will maintain that almost every corporate body is over-insured and that huge savings are usually possible; there are examples of savings of up to 50m. per annum.

Taking the latter point a little further, it follows that the companies most likely to be impressed are (a) probably large, since they have that much more to achieve in the way of savings and (b) those in high risk areas. This trend is borne out by events, as most companies who have either employed the services of a consultant or, in some cases, set up departments specifically to handle risk are the larger chemical, oil and mining groups, and those with a high level of technology. Major corporations are also more self-critical and likely to be persuaded to consider any new management "science".

The consultancies that have thus far been created have either the staff, or access to personnel, with a high degree of technical knowledge. Engineers, industrial specialists would be just some of the people likely to be involved, depending on the kind of company being investigated.

Probably one of the troubles with risk management is that it involves a certain amount of preaching, and unless the results are immediately tangible this can often lead to someone left unconverted. After all, the main considerations of the day tend to be such things as return

on capital employed, the ratio of profits to sales, the output per capital, price/earnings multiples and other such ratios. One can therefore preach only to the converted or at least the semi-converted, or to those who are impressed by the savings in premiums.

The task of persuasion is no less easy when risk management consultants recommend the implementation of quite simple actions: sealing up a hole in a wall to prevent fire risk; moving stock into two areas instead of one which if destroyed could ruin the business; never allowing all the directors to travel on the same aeroplane. It all seems so simple that the whole idea can be less than plausible to the hard-headed businessman, and possibly even appear expensive.

Part one factor that is likely to awaken the industrialist is the greater responsibility to society that is being imposed on a corporate body. This has recently been formalised under the new Health and Safety Act, at work which represents a safeguard to employees.

Risk management can amount to such seemingly mundane considerations as employees' working conditions: heating, lighting, ventilation, etc., are of vital importance. The increased liability on management under the new regulations has meant that a far greater number of companies are seeking to understand the implications of the Health and Safety Act.

Companies may now have to face the possibility of criminal proceedings if negligence can be proven. The legislation places the onus fairly and squarely on the shoulders of management to run their businesses with due regard for the health and safety of the employees. In short, the Act seeks to keep pace with the new technology which has brought with it a whole new generation of personal risks. Even if safety systems are built in, it is up to the management to ensure that such systems are used.

Whether or not this impresses the average management is probably questionable. But, then, there are few management to-day who can afford to ignore anything new that may in the longer run save a great deal of time, effort and hard cash.

Keith Lewis

Freedom within the Community

INSURANCE BROKERS have taken their role and that of the whole insurance industry in the European Economic Community very seriously from the moment Britain joined early in 1973. Therefore the lack of progress last year towards harmonisation of services came as a bitter disappointment to those U.K. brokers on the United Kingdom Insurance Brokers European Committee (UKIBEC) headed by Mr. Francis Perkins, chairman of the Corporation of Insurance Brokers, who have fused themselves wholeheartedly into the question of harmonisation.

UKIBEC is a joint body representing the four main insurance broking organisations in the U.K. Until last year it had a representative permanently based in Brussels and soon established direct contact with the Commission. The initial rate of progress sounded many in the insurance industry who thought that the totally different systems of operation of insurance between the U.K. with its freedom of operations, and Continental countries with strict control by the authorities, would prove irreconcilable.

As events turned out, those in the European insurance industry welcomed the U.K. entry bringing with it hopes of a relaxation in this authoritative control. They wanted much more freedom on the lines of the British insurance industry. Progress towards harmonisation in both insurance operations and services seemed to be proceeding smoothly. In 1974, the Van Binsbergen court case established the right of freedom of services across the borders of the member countries. This means in theory that a U.K. insurance broker could transact business in the other countries of the EEC.

Last year the brokers prepared a directive for submission to the Commission setting out proposals which would bring about those freedoms of services that exist in law. But now two countries, France and West Germany, have definite reservations over the proposals contained in the directive, while Italy is also dragging its feet.

The reasons are not hard to find and have political undertones. These countries are seeking to continue the protection that has always applied to their own insurance industries. The lack of enthusiasm is coming from those countries, rather than from those in the underwriting or marketing sections of the industry.

Approach

UKIBEC officials consider that the new directive is a good approach to obtaining freedom of services. In the words of Mr. Alan Teale, secretary of UKIBEC, it is designed to remove the obstacles that are a stumbling block to these freedoms while retaining controls over operations that are sensible. By and large the directive has been accepted by European brokers.

Therefore the disappointment is all the more keenly felt by U.K. brokers who can only hope at this stage that their representations made to the Government concerned will prevail. They are also hoping that inter-Government contacts on this subject can remove the reservations. But there are hopes that the change of emphasis within the EEC from harmonising the law of the member countries to changing the law so that it converges towards similarity will help the Commission in its difficult task of reconciling the different views of the nine member countries.

This difference is very much emphasised by the varying level of services offered by insurance brokers throughout the member countries. At one end of the scale is the fully diversified service in Germany and Holland to the very small but growing service provided in Denmark and the total absence in Luxembourg. What the directive is basically seeking is not to impose a unified pattern on all member countries but to ensure that someone seeking insurance

can have that insurance serviced by a broker operating in that country and have that insurance placed in the best market available within the EEC irrespective of whether that market is outside that particular country.

As industrial and commercial enterprises integrate across the borders of member countries so will the demand for insurance services to those enterprises be integrated grow. UKIBEC regards integration of insurance as a necessary corollary to industrial and commercial integration and considers that such delays are not tolerable.

UKIBEC has recently produced a film designed to show the role of international insurance brokers in the London market. Freedom of services means that Continental brokers can operate in the London market as much as it means that U.K. brokers can operate in the European markets. UKIBEC has at the moment under discussion about 70 matters which in some way affect or are of interest to insurance brokers. Mr. Perkins said at the launching of this film that brokers in Britain were learning all the time from insurance brokers on the Continent and he hoped that they had learnt from the U.K. brokers. This interchange of ideas would appear to be a useful by-product of EEC entry.

One useful function of UKIBEC is keeping track of proposals having an effect on insurance that emerge from the directorates issue by the Commission. Some of these it would appear emerge from totally unexpected sources. In directorates that primarily have nothing to do, at least directly, with insurance matters. The committee of UKIBEC publishes a bulletin three times a year reporting to U.K. brokers on developments and trends in the EEC as they affect insurance.

As multinational industrial enterprises grow the need to arrange the whole of the insurance requirements on an international basis becomes

CONTINUED ON NEXT PAGE



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INSURANCE BROKING VII

Credit insurance aids export drive

FAR AND away the greatest proportion of insurance cover on money advanced to support exports is undertaken through the Government-sponsored Export Credit Guarantee Department and ECGD rarely admits publicly to the use of outside agents as a means of advancing its levels of business. Nonetheless it is no secret that a number of insurance brokers do operate very successfully in this market.

Hogg Robinson—with perhaps a third of the broker market in this class of business—heads the field but among the larger operators such names as Sedgwick Forbes, Glanville Enthoven and Willis Faber Dumas figure prominently.

In January, 1975, ECGD laid down some fairly stringent guidelines as to who could and who could not operate through the Department and still receive a fee (brokerage). Until that time there were hundreds of insurance brokers—ranging from the giants to very modest firms—supplying the ECGD with client money. The number of brokers bearing the ECGD seal of approval is now limited to perhaps a dozen; all brokers can still place business with the ECGD but only the "official traders" receive brokerage and therefore operate profitably.

Size was one of the more important ingredients that determined this short list, and brokers needed to have at least 575,000 worth of premium income with the ECGD to qualify.

The ECGD assists exporters of both goods and services in two basic ways. First it insures them against the risk of not being paid, whether through default of the buyer or through other causes—restrictions on the transfer of currency, for example, or the cancellation of an incentive to sell the right sort of products to meet the needs of the individual and are not tempted to over-emphasise companies whose security might be in doubt.

Of course there is no ideal solution to this question and most of the proposed remedies create their own difficulties because of the diversity of products, agents and the life companies themselves—all tending to pull in different directions. But the Policyholders Protection Act has put together regulations in a try to prevent future National Life situations and to protect policyholders if they should occur. It has also placed a measure of responsibility on the brokers in that if a life company goes into liquidation the broker has to pay back part of the commission he received during the 12 months prior to the liquidation and a smaller amount of his receipts for the 12 months prior to that.

There has been a lot of discussion about this proposed clawback as to whether it is right or not, but the view that it will discourage the irresponsible in some merit in that there will be no profit to be made out of a failed office. The other side of the coin is of course that it might discourage the growth of the smaller companies in the past been responsible for a good deal of the product innovation which has come about in the industry.

However, probably the most important prong of the drive to make the commission system more effective and more suited

to the needs of the consumer is the new premium-related commission scale, which was announced by the Life Offices Association last July after discussions with the various broking organisations and becomes operative from July next onwards.

Apart from the merits of premium-related commissions as opposed to commissions payable on the sums assured, it is probable that the most important outcome of the changeover is that the LOA will now set a standard of commission to which most of the industry will adhere. Before that the problem had been that the gaps in the LOA ranks had been becoming gradually wider as new unlinked offices failed to join and some of the established offices defected in order to offer competitive commission rates.

With the change such important offices as Abbey Life, Hambro Life and Schroder have joined the LOA, which may now lay claim to 95 per cent. of ordinary life business written within the industry. One can only endorse the belief of the LOA and the Associated Scottish Life Offices that a standard commission structure is desirable so that the consumer should know that the recommendation of a particular type of policy or any particular company is not influenced by the amount of commission payable. This is not to say that the change in the commission system has not encountered opposition. The effect of making the LOA scale as 2½ per cent. of the premium for each premium paying year with the maximum commission fixed at 80 per cent. (creating a cut off point at 24 years) is that the emphasis has shifted from long-term contracts to the shorter term. The previous set-up was that £2 per cent. of the sum assured was payable to the agents. This meant that there was an incentive for the broker to sell whole life policies with a large sum assured and there was considerable criticism about whether these were really suitable for many categories of potential policyholders.

Now the commission arrangements favour the investment orientated endowment contract as opposed to whole life and the main opposition to the changeover has come from the mortgage brokers who sell cover and repayment for house mortgages on a long-term basis and the provincial High Street broker who in many cases has orientated his selling towards protection with a whole life contract as the main vehicle for

and (c) serviced thereafter to promote new business and create good relationships with the client. But applying these criteria to credit insurance can be a relatively expensive business. Unlike general classes of underwriting, where there are considerable legal incentives for the most part, credit insurance has to be "sold," and this is how the costs start to build up.

Elsewhere, the growth of ECGD lies with the changing condition of the world as an open market place. Trading patterns have changed radically since before the war with the U.K.'s sellers' market for goods in and around the Commonwealth giving way to what is these days essentially a buyers' market. At the same time the terms of export payment have moved steadily from cash to credit—and often to long-term credit, and at a time when inflation rates are running at high levels. This has meant that exporters, with overseas accounts at risk for much longer periods, have been obliged to have ever larger amounts of money outstanding.

But perhaps the most important driving force behind the growth of ECGD has been the sheer good value of the Department's cover. Lately the private sector credit organisations have been nibbling away at the ECGD's dominant position—and in the two years to 1973-74 the proportion of U.K. exports insured by the ECGD declined from 36 per cent. to around a third—but even today insurance cover with the Department secures for exporters bank finance at very attractive rates.

Credit insurance in this country adds up to around £11m. worth of turnover for a company like Hogg Robinson, whose subsidiary in this field—Credit Insurance Association—probably handles more credit insurance than all the other brokers put together. An insurance broker's function falls into three basic categories. And according to Hogg Robinson these apply just as strongly to credit insurance.

A broker's service needs to be (a) professionally presented, (b) contracted via negotiation

and (c) serviced thereafter to promote new business and create good relationships with the client. But applying these criteria to credit insurance can be a relatively expensive business. Unlike general classes of underwriting, where there are considerable legal incentives for the most part, credit insurance has to be "sold," and this is how the costs start to build up.

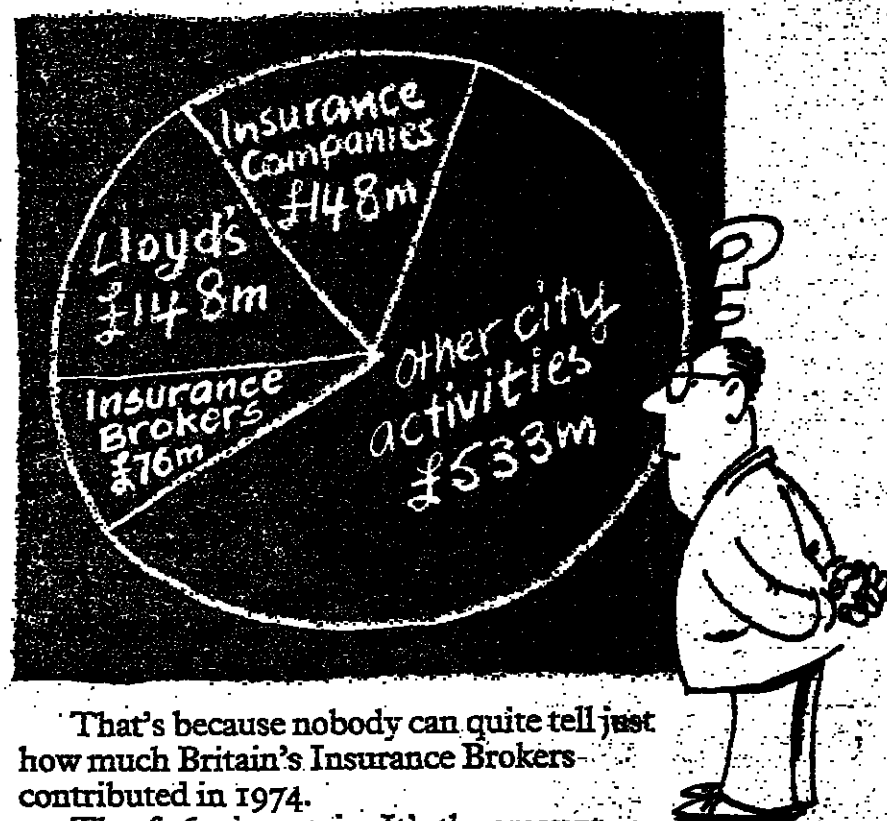
Bearing

Thus a relatively high level of investment is needed before a broker can expect any sort of a return in this field, which probably explains why some of the big names in the broking industry—Alexander Howden, C. T. Bowring, for example—have never really entered the credit insurance business. It is a very specialist field, and levels of brokerage occasionally have little bearing on the amount of business placed with the ECGD. For example, on specific guarantee cover the maximum fee that can be taken by a broker is £500—regardless of the amount of business done. To overcome this, a broker will usually charge clients a service fee.

At this stage in the world economic cycle, contractual insurance is probably moving through a less than buoyant business period. But credit insurance does rest on some very reassuring historic growth trends and world trade can fairly be said to be moving out of a trough. Finally, the sheer size of some recent export contracts—notably to countries within the Middle East—lend strength to those who argue for even more comprehensive credit insurance cover.

Jeffrey Brown

This picture of the City's invisible exports is not entirely clear.



That's because nobody can quite tell just how much Britain's Insurance Brokers contributed in 1974.

The £76m is certain. It's the amount directly attributed to them. (And it compares with £60m in 1973 and £58m in 1972).

The hard part is to see how much of the contributions of Lloyd's and the British Insurance Companies also came through Brokers.

Certainly, it would be large. Exactly how large, we cannot say. The important points are that our Insurance Brokers, year by year, win increasing sums from overseas for the British Insurance market. And that the City as a whole earns enough abroad to make a sizeable dent in our current account visible trading deficit.

And there's nothing unclear about the importance of that.

CIB

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New life policy rules may help buyers

THE SUBJECT of commission to life assurance intermediaries has always been controversial but it became even more so when the Life Offices Association last July after discussions with the various broking organisations and becomes operative from July next onwards.

Apart from the merits of premium-related commissions as opposed to commissions payable on the sums assured, it is probable that the most important outcome of the changeover is that the LOA will now set a standard of commission to which most of the industry will adhere. Before that the problem had been that the gaps in the LOA ranks had been becoming gradually wider as new unlinked offices failed to join and some of the established offices defected in order to offer competitive commission rates.

With the change such important offices as Abbey Life, Hambro Life and Schroder have joined the LOA, which may now lay claim to 95 per cent. of ordinary life business written within the industry. One can only endorse the belief of the LOA and the Associated Scottish Life Offices that a standard commission structure is desirable so that the consumer should know that the recommendation of a particular type of policy or any particular company is not influenced by the amount of commission payable. This is not to say that the change in the commission system has not encountered opposition. The effect of making the LOA scale as 2½ per cent. of the premium for each premium paying year with the maximum commission fixed at 80 per cent. (creating a cut off point at 24 years) is that the emphasis has shifted from long-term contracts to the shorter term. The previous set-up was that £2 per cent. of the sum assured was payable to the agents. This meant that there was an incentive for the broker to sell whole life policies with a large sum assured and there was considerable criticism about whether these were really suitable for many categories of potential policyholders.

Now the commission arrangements favour the investment orientated endowment contract as opposed to whole life and the main opposition to the changeover has come from the mortgage brokers who sell cover and repayment for house mortgages on a long-term basis and the provincial High Street broker who in many cases has orientated his selling towards protection with a whole life contract as the main vehicle for

Discussion

There has been a lot of discussion about this proposed clawback as to whether it is right or not, but the view that it will discourage the irresponsible in some merit in that there will be no profit to be made out of a failed office. The other side of the coin is of course that it might discourage the growth of the smaller companies in the past been responsible for a good deal of the product innovation which has come about in the industry.

However, probably the most important prong of the drive to make the commission system more effective and more suited

to the needs of the consumer is the new premium-related commission scale, which was announced by the Life Offices Association last July after discussions with the various broking organisations and becomes operative from July next onwards.

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Revision

Perhaps more important than the revision of commission levels is the standard expected from insurance brokers. My colleague, Eric Short, is making a more comprehensive examination of this aspect, but it is all important in that the more established and reputable brokers (a very difficult body to define) already place more importance on the needs of the client than any considerations about commission. But the problem has been that the consumer can do to distinguish the good broker from the bad broker—or indeed to know on occasion whether the kindly adviser was collecting commission at all.

However, it is difficult to make rules which are effective without constricting the growth of the life assurance industry. At the moment the several broking associations have submitted their views on self-regulation to the Department of Trade, but they always have at the back of the minds the hesitation about whether tougher standards would diminish the size of the market. This would not only be against their interests but would also not favour the individual—after all, even mildly biased advice is probably better than none at all.

Christopher Hill

Freedom

CONTINUED FROM PREVIOUS PAGE

paramount. Most of the leading broking firms in the U.K. have wide international experience including operations in the EEC member countries. Indeed, about three quarters of all overseas business placed in London arises through U.K. brokers. In contrast, brokers place about one quarter of commercial and industrial business. The need for one broker to be able to place insurance in the best market for his client is going to grow. U.K. expertise in this sector has much to offer its EEC counterparts.

It looks like, however, the brokers will have to continue their expansion into Europe, at least for the time being, by the more normal business methods that have been used in the past. U.K. brokers have always had a presence in Europe usually through co-operation with local broking firms. This linking is likely to continue to grow in the future while awaiting the production of a freedom of services directive that will be acceptable to all nine countries.

Eric Short

Insurance Brokers Direct

The Insurance Brokers listed below offer specialist advice on some or all of the aspects of insurance available for industrial, commercial, financial and personal risks.

Life, Pension, Health, Medical	Property	Liability	Marine, Aviation, Freight, Guarantee, Credit	Automotive	Accident
Ordinary and Long-Term linked life insurance and insured pension plans	Fire, Accidental Death, Fire, Theft	Public, Employer's, Professional Indemnity	Business, Fidelity Guarantee, Court & Gov. Bonds, Contingency, Contract Guarantee, Credit	Private, Commercial, Traders	Personal

The Companies shown are members of at least one of the major U.K. Insurance Broking Associations (A.I.B., C.I.B., F.I.B., L.I.B.A.)

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	2	L A Adams (Insurance) Ltd 62-64 Heath Road Twickenham Middlesex TW20 2EG	19	C T Bowring (Western) Ltd Robert House Bond Street Bristol BS1 3PF	38	Garratt Son & Flowerdew Ltd 7 Winkley Square Preston PR1 2JD	106	Alexander Howden & Swann Ltd Bankside House 107-112 Leadenhall Street London EC3A 4AL Aldershot Basingstoke Birmingham Birmingham Cardiff Glasgow Isle of Man Liverpool Merthyr Tydfil Southampton Hull	144	Nelson Hurst & Co Ltd 12 Marlborough Place Brighton BN1 1UB	183	H Stephenson & Co Ltd 101 G Russell Street London WC1 3LG Chatham Gravesend Liverpool Widford	199	West Yorkshire Insurance Brokers Ltd 8 New North Parade Huddersfield HD1 5NA
B	3	W Adams (Insurance) Ltd 15/17 Ware Road Hertford Herts SG13 7EA Bishops Stortford Huddersfield Stevenage	20	Allied Insurance Brokers Ltd Allied House 19-21 Mortimer Street London W1A 8RB Norwich Reading	39	J G Gaddes Group of Companies Lloyds Bank Chambers Wincchester Street Basingstoke Hants RG21 1DT	107	Hughes & Co Ltd Beresford House Beresford Street Jersey Guernsey Hull	145	New Century Ventures Group of Companies 21 Ironmonger Lane London EC2V 8JH Noble & Wilkins Group of Companies Union House 117 High Street Billericay Essex Woking	184	Staw Offices Ltd 112 Leadenhall Street London EC3A 4AL	200	R T Williams Ltd 2 Duke Street Brighton & Bristol
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C	5	Anglian Insurance Brokers/Black Porch & Swain Ltd (Leicester) 18 King Street Kings Lynn Norfolk PE30 1LN	22	Architects & Professional Indemnity Agencies Ltd PO Box 431 53 Eastcheap London EC3P 3HL	41	Brands Insurance Group of Companies PO Box 95 36 Fenchurch Street London EC3P 3AS	109	Iranian Reinsurance Services Ltd Greenly House 30 Creechur Lane London EC3A 5EJ	147	Page & Page (Andover Brokers) Ltd 25 High Street Andover Hants SP10 1AA	186	B A Taylor (Insurance) Ltd 153-155 High Street London SE20 1R	202	D C Wilson Group of Companies 218-220 Moss Lane Bram Greater Manchester SK7
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COMPANY NEWS + COMMENT

Cope Allman first half setback

ON SALES up from £53.57m. to £55.43m. group pre-tax profits of Cope Allman International fell sharply from £3.56m. to £1.62m. in the half-year to December 31, 1975.

However, the directors look for second-half profit considerably in excess of the £2.25m. for the corresponding period of 1975. Earnings per share for the first half decreased from 4.36p to 1.57p. An unchanged interim dividend of 1p net is declared, payable June 23, and the directors intend to raise the total from 1.525p to 2.8075p—the current maximum permitted.

The reduction in profit is in line with the chairman's indication at the AGM last December. A large part of the decline occurred at the international packaging operations where sales were well down in volume terms as a result of de-stocking by customers, and margins were under severe pressure due to cost inflation and price controls, particularly those ruling in France, the directors state.

In addition, the steel rolling mill experienced a low level of order intake. Although price controls still exist, the drastic de-stocking appears to have ended and the second half-year has shown a positive improvement in the level of order intake in most of the operations where activity has been depressed over the last 12 months.

The policy of capital re-equipment and stock re-building is being pursued in order to take advantage of the anticipated worldwide upturn in business, and the directors consider that the group's cash facilities are fully adequate to meet its projected financing requirements.

Exports from the U.K. to non-group customers amounted to £6.83m. during the six months (£5.47m.). Tax on overseas profits, including deferred tax, is abnormally high due to the fact that certain subsidiaries in Europe incurred losses during the period, which cannot be offset against other group profits for tax purposes, it is stated.

Capeals First-half pre-tax profit of the packing material making subsidiary, Capeals, slumped from £205,000 to £73,000, reflecting the depression in the paper industry, particularly at the paper making offshoot, Grove Mill Paper Company.

The directors report, however, that there has already been some improvement in business at all subsidiaries and they confidently expect that the trading profit for the year will be in excess of £0.5m., compared with £1.02m. in 1974. Because of the group's financial strength it is intended to increase the year's dividend from 1.405p to 1.525p.

Penrad Group Limited Announcement of Results for 1975 Proposed Rights Issue

Extracts from the Chairman's statement. Mr K. W. C. Grand announced on 12 March a disappointing outcome for a year in which the new plant and radiator company had been running well. The overall group loss after tax was £298,348.

Proposed issues 2 issues were proposed to provide additional capital of £100,000 redeemable preference shares to the Secretary of State for Wales, and a one for two rights issue of convertible preference shares to raise £203,600. Full details had been circulated to shareholders, with a summary of future prospects.

Recent Board changes Mr. Tony Morgan joined the board as Chief Executive in January 1976.

The Report and Accounts and the Circular are available from The Secretary, at Penrad Court, Glamorganshire.

AGM and EGM 11.30 am 5 April 1976, Great Western Royal Hotel, London, W2.

HIGHLIGHTS

On a thin weekend for items of company news, Lex discusses the status of clearing bank shares, after the recent spate of results and reports and accounts, and also takes in an assessment of general sector price performance, since the most recent market peak in January. Elsewhere, Cope Allman, afflicted by the recession in both packaging (where heavy losses have been made) and engineering, has turned in more than halved interim pre-tax profits, although packaging in particular seems now to be on a recovery tack. The week's company news list contains a string of important names. Rugby Portland Cement produce preliminary figures later to-day, while on Tuesday, BICC also reports on its full year experience. Wednesday sees preliminary results from Thomas Tilling and Hepworth Ceramic, together with interim figures from Brooke Bond Liebig. Further evidence of the recovery in oil company fortunes is expected on Thursday when British Petroleum reports on its final quarter.

1.545p net per 5p unit. An interim of 0.7p (0.669p) is declared payable June 23. Earnings for the half year decreased from 2.03p to 0.29p.

Last January it was decided to close the paper making activity. Because of the high capital intensity it has not been possible to reduce costs further at Grove Mill, and in the six months it incurred a trading loss of £134,000. Extraordinary losses resulting from the closure of Grove Mill before taking into account profits or losses on the sale of the company's property and manufacturing plant, are estimated at £258,000 after tax relief.

It is not possible at this stage to assess the likely sales prospects of the Mill's fixed assets, but negotiations are in progress. It is hoped to quantify the full net cost of the closure in the accounts for the year.

The cash position will be further strengthened by the elimination of the unprofitable activities of Grove Mill and Capeals Tubes. The directors consider that there are sufficient resources available, both to finance the increased level of trade which will result from the anticipated upturn in the economy, and to enable them to continue to look for new investment opportunities.

comment A £1.8m. turnaround to losses by the packaging side and a sharp drop in profits by the engineering division have cut Cope Allman's interim profits by 34 per cent. before tax. The former was still suffering from world wide de-stocking, while the latter, which was the main growth area last year, experienced an abrupt drop in demand as the U.S. market dried up. This has apparently started to pick up in the second six months of the year and there has also been evidence of an improvement in packaging orders, particularly at Capeals where the drop in profits has been shorter lived than elsewhere. This points to a full year profit of around £0.5m. pre-tax which would cover the forecast dividend, yielding 10.9 per cent at 44p, roughly twice and put shares on a prospective p/e of 6.9.

Authority Investments' £46,390 Turnover for the 18 months to September 30, 1975, of Authority Investments came to £4,890m. and pre-tax profits were £46,390. In the previous year turnover was £2,76m. and profits were £24,071.

There is no final dividend—an interim of 0.1p net per 20p share has been paid to maintain trading status. The payment for 1973-74 was also 0.1p.

The 18-months pre-tax profit comprised a group net loss of £67,237 (£73,058), profit on sale of investments £111,702 (£133,303), share of associate's net income £1,523 (£179,682) and profit on sale of associate's investments £402 (£4,912).

An extraordinary debit of £171,188 (credit £10,072) represents the loss on the sale of Authority's holding in an associate company—Northern Commercial Trust—to Algemene Bank Nederland.

Authority's share of the retained earnings of Northern Commercial Trust brought forward at the beginning of the period have been eliminated.

A statement of retained earnings as at September 30, 1975, compared with March 31, 1974 shows £147,356 (£763,154) at the beginning of the period. Share of associate's share premium £27,804 making £1,123,303. Share of associate's share premium £27,804, leaving £329,370. From capital reserve £60,488 (to reserve £245,071).

THE SCOTTISH EASTERN INVESTMENT TRUST LIMITED

The Fifty-first Annual General Meeting of The Scottish Eastern Investment Trust Limited will be held on Monday 5th April 1976 at the offices of the Company, 29 Charlotte Square, Edinburgh, Mr. A. Logan McClure (the Chairman) presiding.

The following are extracts from the Directors' Report for the year to 31st January 1976—

REVENUE—The fall in Total Revenue from £3,481,202 to £3,325,054 is due to the movement of funds out of high interest bearing sterling and dollar deposits into equities. After charging interest on borrowed money, management expenses and taxation, the revenue available for distribution amounts to £1,713,268 compared with £1,773,479 previously.

DIVIDEND—The Directors recommend a final dividend of 2.125p per Ordinary Share which, with the interim dividend, makes 3.00p for the year, compared with 2.90p last year. After payment of the dividend the revenue carry forward is increased by £50,180.

VALUATION—At the year-end, the total net assets attributable to Ordinary Shares was £78,217,775 compared with £50,630,426 last year. Cash on Deposit of £3,582,942 is represented by £1,890,000 in Sterling and the Sterling equivalent of U.S. \$2,132,134 at 2.0296 and where applicable, 67 per cent Premium. Based on these figures, the Net Asset Value of an Ordinary Share was 148p compared with 96p a year ago.

At 31st January 1976, 92.4 per cent. of the funds was invested in equities with 42.0 per cent. of the total in North America and a further 7.9 per cent. in other overseas countries, 4.2 per cent. was held in Cash Deposits. During the year there was a small movement of funds from North America to Japan. Apart from this, changes in the geographical distribution were mainly the result of market movements.

OUTLOOK—As the year progressed it became clear that the stringent monetary policy

THE YEAR IN BRIEF

1976 1975

Total Revenue £3,325,054 £3,481,202

Earnings per Ordinary Share 2.10p 3.24p

Paid per Ordinary Share 3.00p 2.90p

Total Net Assets attributable to Ordinary Shares £78,217,775 £50,630,426

Net asset value of each Ordinary Share

Prior charges at par 148p 96p

Prior charges at market value 153p 104p

Number of Ordinary Shareholders 10,200 10,200

Scottish Eastern sees rise

THE DIRECTORS of the Scottish Eastern Investment Trust say it will be a disappointment if there is not some increase in gross income in the current year.

From recent estimates and forecasts, there should be a considerable improvement in U.S. company profits in 1976, they state. For the U.K. and other parts of the world the outcome is much less predictable.

After the sharp rise in equity prices in Wall Street and London, a setback will not be surprising, the directors add and they consider it prudent to hold a small percentage of funds on deposit to take advantage of any downturn.

As reported on February 20 with net asset values, gross revenue for the year ended January 31, 1976, amounted to £3,325,054, against £3,481,202 in 1975. The net dividend total is 3p (2.9p).

To reduce disparity, the directors intend to increase the interim dividend, due in October, from 0.875p to 1p net, but at this stage, should not be assumed that there will be a higher total for the current year.

Meeting, Edinburgh, April 5 at 12.30 p.m.

Authority Investments' £46,390

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Net asset value of each Ordinary Share

Prior charges at par 148p 96p

Prior charges at market value 153p 104p

Number of Ordinary Shareholders 10,200 10,200

£130,978). Loss for period £194,582 (profit £129,380). Dividend £3,000 (same). Balance at end of period £190,466 (£147,556).

Berisfords confident of growth

IF THE LEVEL of business at Berisfords continues through 1976 as it has started, then the chairman Mr. J. P. Sebire is confident that the company "will resume its forward progress".

The directors look forward to 1976 with confidence and a better order book than at this time last year, he says, but costs continue to rise "at an alarming rate", particularly as a result of a recent wage award. There is great resistance to increases in selling prices and the company is not able to recover all the increases to which it is subject. For this reason the search continues for ways of reducing overheads and for any other practicable economies.

As reported on February 20, pre-tax profits fell from £572,377 to £543,713 in the year to November 24, 1975. The dividend is 1.90p net (same).

Results were disappointing, Mr. Sebire tells members particularly in traditional markets, but there was an improvement in the late autumn which has since been well maintained, and the directors are hopeful that the different types of plant Berisfords has been able to adapt to new opportunities, adds the chairman.

Meetings, Coniseton, Cheshire, on April 6 at 11 a.m.

Chairman's statement, Page 26

Argyle Securities reorganises

Argyle Securities has carried out a comprehensive reorganisation of its subsidiaries to eliminate redundant and non-trading companies and as a result some 30 will be placed in voluntary liquidation.

The reorganisation will result in savings in administrative expense and costs of audit and other fees, it is stated. It will be effectively completed before March 31, 1976 and formal notices of the liquidations will be published in the near future.

Taylor Woodrow Saudi Arabia venture

A new company, Teamwork Saudi Arabia, has been registered in Saudi Arabia to undertake building, civil and mechanical engineering works throughout the Kingdom.

The new company has been formed on a 50:50 basis between International Teamwork, a subsidiary of the Taylor Woodrow Group, and Ali Zaid Al Quraishi and Bros. A number of contracts are at present under negotiation.

Clarks Shoes 13% profit expansion

The annual report of C. and J. Clark, shoe manufacturers, reveals that net sales for 1975 at £16.55m. were 13 per cent. up on 1974. Trading profit was ahead 6 per cent. at £7.30m., but net profit after tax and exceptional items fell 15 per cent. at £2.93m.

F. AUSTIN

In his interim report, the chairman of furniture makers, F. Austin (Leyton), Mr. F. Austin, says that the group has a satisfactory order book, and subject to any unforeseen Government restrictions, he anticipates that good progress will be maintained. As reported on March 3, pre-tax profits for the six months to December 31, 1975, advanced from £189,700 to £246,300 with an unchanged interim dividend of 0.14p net.

Curacao Depository Receipts of ordinary shares

SANYO ELECTRIC CO., LTD.

The undersigned, acting as duly authorized Agent of Carneth Administration Company N.V., announce that at the shareholders' meeting held on the 27th February, 1976, it was decided to pay a final dividend of Yen 3 per share for the 51st fiscal term ending November 30th, 1975.

This dividend will be payable, less 20% Japanese tax, as from the 17th March, 1976, on the coupon no. 14 of the CDR's.

Payment will be made at the undermentioned offices as follows:

London —The Sumitomo Bank Ltd., 5, Moorgate, London, EC2R 6HU.

Hamburg —Bank Mees & Hope NV, Fellersstrasse 2.

Paris —Banque de l'Union Européenne, 4, rue Gallien, 75 Paris 2e.

New York —Morgan Guaranty Trust Company of New York, 23 Wall Street, New York, N.Y. 10015.

Amsterdam —Bank Mees & Hope NV, Coupon Collection Dept., Keizersgracht 685.

BANK MEES & HOPE NV as duly authorized Agent of Carneth Administration Company N.V.

15th March, 1976.

Lower interest rates affect NatWest

GROWTH in domestic banking business last year was considerably slower than in the previous year, Sir John Pridaun, chairman of National Westminster Bank, says in his annual statement.

Sterling deposits showed only "moderate" increase, and demand for bank finance from trade and industry remained depressed throughout the year. The bank was able to reduce considerably its reliance on wholesale money market funds. The main area of growth, the chairman states, was on foreign currency deposits and advances, "the earnings on which supplemented those from continued expansion of our international business in general".

Profits showed a fall from £120.3m. before tax to £104.4m. after setting aside additional provisions of £40m. against advances compared with £45m. in the previous year. Results were affected, the chairman says, by lower interest rates, with base rate averaging 10.46 per cent. throughout the year against 12.33 per cent. in 1974.

Figures were also affected by substantial rises in operating costs, including postal charges, heating and lighting and rates as well as a 10 per cent. rise in rate payment to local authorities. Sir John points out, rose from £9m. to £13.5m.

At the end of the year, total assets had risen from £13.580m. to £14.660m.

Ordinary capital 182,322 182,482 Reserves 641,722 675,182 Ordinary holders funds 248,533 252,542 Preference capital 13,972 13,972 Loan capital 14,002 14,002 Deposits 104,518 103,298

Current deposit etc. 13,298,989 12,274,789 Accounts in circulation 296,833 297,542 Other liabilities 224,884 225,642 Liquid assets 3,224,084 3,235,442 Investments 14,630,721 13,860,753

Commenting on the recent difficulties in the banking system, the chairman argues that they demonstrated the need for banks "to maintain adequate liquid assets, including retained earnings, to meet the abrupt changes that can occur in their own cash flow and to be able to absorb losses at times of economic stress".

While welcoming proposals for inflation accounting, Sir John says that because of the major issues

Greenfield Millets improving trend

BRANCH TURNOVER in the first four months of the current financial year at Greenfield Millets has been running well ahead of 1975 levels, and order books in the wholesale division are considerably more healthy than at this time last year.

Providing this trend continues, first half results should show a satisfactory improvement over 1974, says the chairman, Mr. R. L. Greenfield.

Bearing in mind the recent encouraging indications, inflation is at last being brought under control, he says he is optimistic that the strong upward trend experienced since last summer will continue into 1976 and will prove to be a "most successful year for the group".

As reported on March 3, group pre-tax profit of this leisure wear group, which had increased slightly from £351,010 to £353,171 in the year to October 31, 1975, reflecting a second-half upsurge. Working capital advanced by £143,000 (decrease £222,000).

Mr. D. S. Greenfield and Mr. J. Greenfield waived entitlement to additional remuneration of £6,230 each.

Meeting, Abercorn Rooms, E.C., April 2, noon.

James Finlay Corporation

James Finlay Corporation, the merchant banking subsidiary of James Finlay and Co., announces pre-tax profits for 1975 of £402,000 compared with £308,000, an increase of over 33 per cent.

During 1975 all three divisions developed satisfactorily, says the chairman, Mr. Colin Campbell, "and we view current year prospects with confidence".

The banking division continues to expand cautiously while maintaining a high degree of liquidity. The relatively low going, affecting profitability in times of

of principle which remain to be settled, inflation-adjusted accounts were not practicable for 1975. He argues, moreover, that banks and other financial institutions need to retain part of their profits in order to maintain levels of free capital which are needed to support growth in net monetary assets arising purely from inflation.

"It is our contention," he comments, "that such retentions should be similar, both in accounting treatment and tax consequences, to that for holding gains if parity of treatment with other companies is to be achieved."

Looking ahead to the current year, the chairman says there are clear signs of a gradual improvement in the U.K. economy. He comments, however, that the Government's "large budgetary deficit remains a serious problem."

The group, he says, is ready to provide industry with the necessary financial resources for a sustained recovery, with particular emphasis on investment and exports.

Chairman's statement, Page 27

Sterling Trust outlook

The Sterling Trust's estimate of income for 1976 suggests that the past year's dividend (4.1p net) should at least be maintained, the directors state.

Comparatively large sums of money were held on deposit and short-term interest, but in future the increase in revenue will depend on increased dividends although it may still benefit perhaps by depreciation of the pound-dollar exchange rate.

The greater part of the cash invested was made in the U.K. The relatively large appreciation of the U.K. investments already held raised that proportion of the company's funds at market value from 51.1 to 59.7 per cent. The company's funds, reflecting the smaller rise in the Dow Jones index, fell from 44 to 36.3 per cent.

As reported on February 5 with net asset values, revenue, before tax, for 1975 was £1.13m. (£1.07m.). Meeting, Bucklebury House, Walbrook, E.C., April 7 at 3.30 p.m.

Unochrome long-term optimism

In his interim statement the chairman of Unochrome International says that, in view of the financial position, the directors remain optimistic about long-term prospects whatever the difficulties in the short term.

As reported on March 3 turnover increased from £4.9m. to £5.83m., and pre-tax profit amounted to £109,000 for the six months to December 31, 1975, compared with a restated £123,000 for the corresponding period of 1974.

WEBSTERS

The annual meeting of Websters Publications was held by the chairman, Mr. Peter Lane, at a substantial increase in profits was expected for the current year.

Johnson Construction Equipment Group

Limited announce that they have changed their name to

J. C. E. G. Limited

This change marks a re-organisation and effective re-grouping of the plant hire organisation, with new depots recently opened in Witham (Essex) and Galston (Strathclyde). The Group is organised for effective long term growth. J. C. E. G. Limited includes:

MANUFACTURING:

Johnson Machinery Ltd. (Contractors Plant and Mechanical Handling Equipment) Factories at Stockport and Whaley Bridge, London Office: 70-74 Stewarts Road London SW8.

PLANT HIRE COMPANIES: Trinity Plant Hire Ltd. (Contractors Plant and Mechanical Handling Equipment) (Gloucestershire and Wiltshire) (Essex) Johnson Machinery (Scotland) Ltd. (Northamptonshire, Lancashire, Yorkshire, and Galston (Strathclyde)) Johnson Machinery

INTERNATIONAL COMPANY NEWS EUROPEAN MARKETS

EUROBONDS

Bracing for EEC borrowing

By PAULINE CLARK

IN SPITE of fears to the contrary, the Eurobond market last week showed little sign of being unnerved by the prospect of a major borrowing by the EEC to help finance its planned \$1.3bn. credit to Italy and Ireland.

Prices in the secondary market were slightly easier on the week but this was put down to a move towards greater selectivity by investors after the problems surrounding South African issues recently. A stream of new issues continued to flow into the primary market, the latest being a \$500m. debenture offering dated 1982 from Banque Com-

dienne Nationale. A coupon of 8 1/2 per cent is anticipated. The EEC financing through the Eurobond market is, however, expected to cause a blip of possibly a week or two in the announcement of other new issues. Now that the medium term \$300m. five year loan has been syndicated as the first part of the package, details of both a \$300m. and DM500m. offering are expected to be announced today.

The D-mark sector is particularly confident that the EEC offering will get a good reception, partly because of the dated 1982 from Banque Com-

also because this sector has in recent months been able to demonstrate its capacity to absorb large quantities of paper under a single name. New Zealand, which has raised a total of DM730m. since only a year ago, is considered a prime example.

In the medium-term market, a \$30m. loan for Bolivia has been announced, the terms being a maturity of five years and a floating interest rate 2 1/2 per cent over London Interbank offering rate. The loan was increased from \$20m. and the syndicate of banks was led by Bofors, Bank of Montreal, and the Euro-Latin American Bank (Eulabank).

Indices

NEW YORK

DOW JONES AVERAGES

Mar. 12 1976

Mar. 11 1976

Mar. 10 1976

Mar. 9 1976

Mar. 8 1976

Mar. 7 1976

Mar. 6 1976

Mar. 5 1976

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STANDARD AND POORS

U.S. STOCK INDICES

Mar. 12 1976

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U.S. STOCK INDICES

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Mar. 30 1973

Bofors earnings up by 11.7%

By William Duffell

STOCKHOLM, March 14. BOFORS, Sweden's armaments, steel and chemicals concern, increased its pre-tax earnings by 11.7 per cent last year to Kr142m. (€16.2m.) after a 12.3 per cent rise in turnover to Kr1.7bn. (€200m.). These results show Bofors to be one of the few Swedish conglomerates to improve overall earnings during the recession of 1975.

The orders received during the year rose by 21 per cent to Kr2.7bn. (€317m.), a measure of the relatively firm demand and price levels for Bofors' products.

Bofors has experienced a severe structural rationalisation from 1972 onwards under its new managing director, Claes-Tork Winberg, and started to expand cautiously after 1973, using cash flow for the most part. In 1974 pre-tax earnings hit a new peak of Kr127m. after Kr42m. in 1973—although Mr. Winberg told the annual meeting last April that the return on capital employed was still too low.

The preliminary report for 1975 puts adjusted earnings per share at Kr39.60 compared with Kr32 in the previous year.

Pre-tax earnings for Iggesund, the forestry industry steel concern, fell by 75 per cent from Kr22m. in 1974 to Kr5.8m. (€0.6m.) last year after a drop of 53.9 per cent in turnover to just over Kr1.5m. (€18m.). The fall from 24.7 per cent in trading margins indicates the scale of slump, writes William Duffell.

Earnings in the current year are expected to be "at best of the order of 1975, unless the business cycle improves more rapidly than now seems probable, the managing-director, Mr. Lars Sundblad, says in the preliminary report for last year.

Iggesund is Europe's biggest producer of cotton, to which demand has been steadily increasing until last year, when a fall in sales coincided with a drop in demand for timber and a recession on the steel market.

The Kvaerner shipbuilding and engineering group of Norway announces pre-tax profits of Kr48.9m. in 1975, writes William Duffell. Group turnover rose by 47 per cent to Kr1.965m. The group regards the results as satisfactory in view of the continuing recession last year. It adds, however, that some divisions need new orders so that present employment is to be maintained

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Dfls. 60,000,000.-
6 1/4% bearer Notes of 1972 due 1976, 1979
of
NEW ZEALAND

As provided in the Terms and Conditions of Redemption Group No. 1, amounting to Dfls. 15,000,000, has been drawn for redemption on March 1, 1976 and consequently the Note, bearing consecutive number 1 and all Notes bearing a consecutive number which is 4 or a multiple of 4 higher than 1 are payable on

April 15, 1976

at
Amsterdam-Rotterdam Bank N.V.
(Central Paying Agent)

Algemeene Bank Nederland N.V.
Bank Mees & Hope N.V.

Pierson, Helderling & Pierson N.V.
in Amsterdam

S. G. Warburg & Co. Ltd.
in London

Commerzbank Aktiengesellschaft
in Frankfurt/Main

and
Banque Générale du Luxembourg S.A.
in Luxembourg

March 15, 1976

BERISFORDS LIMITED

Manufacturers of ribbons, labels, trimmings and lampshades.

Extracts from the Statement of the Chairman John F. Sebire, and from the Annual Report for 1975.

Flexible production facilities enabled us to maintain full employment during the most severe recession in the textile industry since the 1930's.

Profits of the year were the second highest in the history of the company.

Improvement in trade has recently spread to all divisions and if the present level continues, I am confident we shall resume our forward progress.

	1975 £	1974 £
Turnover	5,354,851	4,981,691
Profit	543,713	672,377
Taxation	289,072	350,692
Net Profit	254,641	291,685
Dividends (net)	80,600	80,600

Copies of the Annual Report available from the Secretary, Berisfords Ltd., P.O. Box 2, Congleton, Cheshire, CW12 1EF.

THE STERLING TRUST, LIMITED

(Incorporated 1881)
An Investment Trust with Trustee Status

Year ended 31st Dec.	Total Assets	For each 25p Share Value	Earnings Paid
1971	35,132,696	193	4.65
1972	41,940,352	231	3.17(a)
1973(c)	30,537,107	160	3.98
1974	20,119,818	92	4.25
1975	32,850,793	175	4.37

(a) Excluding £104,988 gross revenue, payment of which was delayed for tax reasons.
(b) Gross equivalent.
(c) Issue of £3,062,500 5% Convertible Unsecured Loan Stock and redemption of £1,443,760 3 1/2% Debenture Stock 1963/73.

Distribution of Investments as at 31st December 1975
United Kingdom & Commonwealth (excl. Canada) 59.7%
North America 36.3%
Other Countries 4.0%
100.0%

Secretary: INVESTMENT TRUST SERVICES LTD., 11, Walkbrook, London, EC4N 8EJ
A member of the Association of Investment Trust Companies



Cope Allman International Limited

Interim results (unaudited) for the half year to 31st December 1975

	6 months to 31.12.75 £000	6 months to 31.12.74 £000	Year to 28.6.75 £000
Group Sales	55,425	53,573	107,403
Profit before Tax	1,622	3,561	5,807
Profit after Tax and Minority Interests (Earnings Attributable)	715	1,665	2,506
Earnings per share	1.87p.	4.36p.	6.56p.

● Group profit is in line with Chairman's indication at the A.G.M. Decline from previous year arose mainly in International packaging operations.
● Second half year has shown positive improvement and, subject to this continuing and to final outcome of currency movements now taking place, profits for the second half year will be considerably in excess of those for the comparable period in 1975.
● Exports from U.K. were £6,832,000 (1974 - £5,468,000).
● The charge for tax is abnormally high due to the fact that certain European subsidiaries incurred losses which can not be offset against other group profits for tax purposes.

● Directors intend to recommend dividends for the year totalling 2.8078p. per 5p. Ordinary Share (1974/75 - 2.5525p.) which is maximum permitted under current legislation limiting increases to 10%. Directors have declared an interim dividend of 1p. (1974/75 - 1p.) per share (amount absorbed £383,000) which is payable on 25th June 1976. Final dividend will be paid in February 1977.

For greater efficiency in civil air traffic communications before the end of the century, a sophisticated satellite system will be needed. Michael Donne reports on a £35m. experiment

An aircraft link with outer space

DURING the next few months, avionics, including a Satellite Control Facility which will command and control the orbiting satellite, will be tested. Signals from the ground—for example from regular air traffic control centres on each side of the Atlantic—will be passed to the satellites, and thence to the aircraft, and vice versa. This "Coordinated Segment" is being undertaken separately from the Space Segment by the parties to the original Memorandum of Understanding. The whole programme is under the control of an Aerosat Council, which will be responsible ultimately to the governments concerned (which effectively are putting up the money through their respective agencies involved). The total estimated cost of £75m. includes the cost of building the two spacecraft involved, their launch, the construction of the necessary Earth Stations and the running costs over the period of the experiment.

Assessment

There will be at least one Earth Station in North America, shared by Canada and the U.S., and one in Europe. Associated with each Earth Station will be a communications centre. It is expected that many airline aircraft will participate in the experiment (only in this way can its validity be truly assessed), with their costs being borne by the Aerosat programme.

The first satellite is expected to be ready for launching before the end of 1978. "Requests for Proposals" to build the satellites went to industry on both sides of the Atlantic on March 1, and the various groups of companies involved are now preparing their bids for submission by June 15. Thereafter, their bids will be studied by the Aerosat Space Segment Board and it is expected that the award of the contract will be made by November 15.

Three major groups of companies in Europe are preparing their submissions for the Aerosat programme. They are the MESH consortium, which comprises Hawker Siddeley Dynamics of the U.K., Engines Matra of France, Erno of Germany, Saab-Scania (Sweden), Aeritalia (Italy), Inta (Spain) and Fokker-VFW (Holland). Associated with this group is TRW Systems of the U.S.

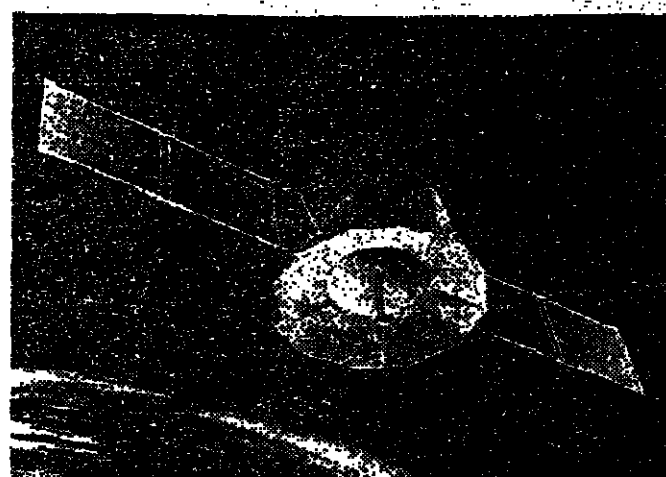
The second major group is the STAR consortium, which comprises British Aircraft Corporation, Thomson-CSF, SEP (France), Dornier System and Telefunken (West Germany), CCE-Fir and Montedison.

The third major group is the COSMOS consortium, which comprises Marconi Space and Defence Systems of the U.K., ETCA of Belgium, Messerschmitt-Bölkow-Blohm and Siemens of West Germany, SAT and Aérospatiale of France, Selenia of Italy, and CASA of Spain. This group has as its partner U.S. General Electric Company.

It is expected that other major U.S. space companies will be submitting bids, such as Hughes, which is already the world's biggest manufacturer of communications satellites of all kinds.

The need for some form of satellite communications to replace existing techniques stems from the rapid increase in air traffic, especially over the long transoceanic routes, and the further expansion anticipated in the 1980s and beyond. At present, air traffic control and air-carrier communications for oceanic flights are almost entirely dependent on high-frequency (HF) voice radio circuits. Shore-based, extended-range VHF facilities provide communications for oceanic flights up to 200-400 miles from the coast; beyond that range, communications between aircraft and traffic control centres is by HF and is generally relayed through associated communications stations.

Because of the increasing volume of traffic anticipated in the latter part of this century requiring more accurate air traffic control and surveillance techniques as well as an improvement in other aspects of air-to-ground communications and because of the increasing



A Hawker Siddeley Dynamics artist's impression of the Aerosat. The first satellite is expected to be ready for launching before the end of 1978.

Laden of Italy, L. M. Ericsson of Sweden, Sener of Spain, and Contraves of Switzerland. This group is working closely with RCA of the U.S., which will be its prime contractor for the Aerosat submission.

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Because of the increasing volume of traffic anticipated in the latter part of this century requiring more accurate air traffic control and surveillance techniques as well as an improvement in other aspects of air-to-ground communications and because of the increasing

voice and other data transmission to overcome it. It has been said that the satellite link will be regarded with some hostility in the U.S. where some Congressmen would be inclined to see the use of air traffic controllers by the FAA as a project "whose end the airlines for their own time has not yet come." Many communications purposes, even in the airline industry, too, really it may be possible for while accepting the long-term passengers to make in-flight need for improvements in air-traffic control techniques, and telephone calls to the ground.

Global system

The Aerosat system now lives (and hence their passengers) will be expected to pay to be an experimental system for the equipment that will be for evaluation purposes only, required in the aircraft and on the ground, and not a full-scale operational system.

Yet the year did not start under entirely favourable conditions. In the Fall of 1974 an economic recession was already underway. No one knew how long it would last or how deep it would be, but most people thought it would be one of the most serious declines since World War II. It would certainly affect all the free world and particularly Europe, and the oil industry the pessimists outnumbered the optimists by a wide margin: oil exploration would be cut for lack of funds; demand for oil products would decrease because of higher prices and the economic slowdown; some went so far as to predict that the price of crude oil would tumble.

It is true that this past year has not been particularly smooth or easy for the oil business. But which year is? There were conflicts and disruptions; there was nationalization and punitive tax legislation. Yet to me, overshadowing these disturbing events, this was a year of stabilization. The quadrupling of the price of crude oil had left the world, and particularly the oil industry, in a state of shock. To some, the world was on the verge of collapse; gigantic trade deficits, impossible recycling of petrodollars, chaos on costs and inflation. The world did not collapse but the recovery could not happen overnight. During 1975 a process of readjustment took place and signs indicate that a new economic equilibrium in world trade is shaping up.

I have never believed the pessimists. In last year's annual report I wrote, "In spite of many fluctuations, of many shifts from country to country, from continent to continent, oil exploration will go forward. It did just that. Oil prices remained relatively stable, drilling activity increased in most of the producing areas of the world, our oilfield service revenue increased 35%.

In the past year the free world did have a serious economic recession. The U.S. economy was hit in the latter part of 1974 and first half of 1975. The recession developed somewhat slower in Europe, but has probably been deeper and with longer lasting effects. Our Measurement & Control units in the U.S., including Heath, had lower revenue except Weston Components. In Europe despite a severe drop in orders for some product lines, profit from our Measurement & Control operations increased significantly. For years we have said of these operations that we were reorganizing, streamlining, changing, reducing cost. The test came this year, a difficult year, and it was a rewarding test.

All our major decisions during the past year had one guiding thought: whatever the economic situation, whatever clouds the future, Schlumberger must be stronger at the year end than when the year began. We have strengthened our oilfield service operations, investing \$115 million in fixed assets for wireline equipment and facilities, \$55 million for other oilfield services, a total of \$180 million. We have increased the oilfield R&D budget from \$26 million in 1975 to \$31 million this year. We are also strengthening our interest in a company specializing in analysis of drilling data. We have strengthened our position in Measurement & Control in North America. After acquiring Sangamo Electric for \$63 million, operations of Sangamo, Weston and EMR were regrouped into a single operating entity, Sangamo Weston, two names and one respected in the field of measurement. If we are successful in developing new technology through R&D, in bringing new products from our larger European operations, then we are in the process of creating a leader.

We have strengthened our financial position by issuing two million new shares of Schlumberger stock, adding \$154 million to corporate funds.

Many people are uncertain about the future. Every year many people are uncertain about the future, and they are quite often the same people. For Schlumberger, I have a few simple convictions. We will not duplicate in 1976 the earnings growth of 1974 and 1975. An increase of roughly 50%, twice repeated, was exceptional and due to exceptional circumstances in the oil industry. To keep it up would be impossible, and unsound. But Schlumberger will continue to grow.

The economy in both the U.S. and Europe is recovering. It is slow, not spectacular, but it is not uniform across industry, but it is underway.

In the oil industry, the process of recovery and stabilization will continue. Activity will slow down in some areas such as Southeast Asia and West Africa but it will remain strong in the great oil producing territories, the North Sea, the Middle East and the U.S. There will be a temporary oversupply of some offshore drilling units, putting pressure on daily rates, but the impact on Schlumberger will be small. Overall on a worldwide basis I believe that in 1976 drilling for exploration and for production of oil and gas will continue to increase. As in the past, Schlumberger oilfield services will increase faster than drilling.

On February 26, 1976, following the resignation of Jerome Seydoux as President, The Board of Directors re-elected Jean Riboud as President and elected Roland Genin as Executive Vice-President-Operations. At the September 1975 Board meeting, Herbert G. Charge was elected Executive Vice-President in charge of Finance, Legal and Administration.

CONSOLIDATED SUMMARY OF OPERATIONS

	1975	1974	1973	1972	1971
(Stated in millions)					
Operating revenue from sales and services	\$844.2	\$625.3	\$452.9	\$380.0	\$316.6
Oilfield Services	720.7	574.4	510.3	433.0	384.8
Measurement & Control	7.5	5.5	4.2	12.2	21.7
Other	1,565.6	1,200.2	963.6	825.2	723.1
Cost of goods sold and services	850.2	742.5	612.4	541.3	483.1
Other operating expenses	234.2	202.0	187.4	161.3	147.1
	1,204.4	944.6	799.8	702.6	630.2
Operating income:					
Oilfield Services	299.2	218.0	134.9	107.5	84.1
Measurement & Control	63.7	38.0	29.7	15.4	7.4
Other	(1.8)	(4.1)	(4.8)	(3.1)	1.4
	361.2	256.6	163.8	122.6	92.9
Other income (expense)					
Interest expense	(24.8)	(21.5)	(15.9)	(13.7)	(14.8)
Interest income and other-net	7.5	(2.9)	2.2	7.1	9.5
	(16.5)	(24.4)	(13.7)	(6.6)	(5.3)
Income before taxes on income	344.7	231.3	180.1	116.0	87.6
Provision for taxes on income	125.4	83.5	57.7	45.8	31.4
Net income	\$219.3	\$147.8	\$82.4	\$70.2	\$56.2(b)
Per common share (c):					
Net income	\$2.92	\$2.68	\$1.69	\$1.29	\$1.06(b)
Cash dividends declared	\$0.65	\$0.51	\$0.37	\$0.33	\$0.31
Average number of common shares outstanding (thousands) (c)	55,524	55,038	54,706	54,899	55,565
Common stock price range (c):					
High	\$91	\$81	\$61	\$63	\$41
Low	\$61	\$45	\$55	\$32	\$19

(a) Commencing in 1973 a pro rata share of revenue and expenses of Downer Schlumberger, a 50%-owned oilfield service company, has been included in the consolidated summary of operations. For more details the amount of equity in earnings has been reclassified from other income for comparative purposes. This treatment had no effect on consolidated net income for any period.

(b) Net income for 1971 is before an extraordinary net credit of \$1.3 million, equivalent to \$0.06 per share. Net income per share for 1971 and 1972 was computed by dividing net income less interest on convertible debentures during the period they were outstanding by the average number of shares outstanding. Average number of shares equivalent to debenture conversion and assumed exercise of stock options. Average number of shares outstanding has been retroactively adjusted for stock splits: three-for-one in September 1971 and three-for-two in March 1972.

(c) Results of Sangamo have been consolidated with Schlumberger beginning July 1, 1975.

Certain information relating to Directors' share dealings and group companies, required by The Stock Exchange in London to be made available, may be inspected during the next three weeks during usual business hours at Kleinwort, Benson Limited, 34, Lane Street, London, EC3N 7LX, from whom copies of the full Annual Report may be obtained.

Expansionist Budget undesirable, say directors

BY DONALD MACLEAN

LEADING businessmen believe that the Chancellor's Budget next month should not be "expansionist" according to a survey of opinion conducted by the Institute of Directors. Almost five out of six of those questioned—50 out of 65—rejected the idea of an expansionist Budget this spring, though a poll conducted last year was favoured in the "long term". Immediate expansion, says the Director, was rejected by the chairman and managing directors taking part in the survey on the grounds that "Britain simply cannot afford it".

Sir Frank Taylor, chairman of the Taylor-Woodrow group, said that the first single measure he would like to see was "a first-class national coalition Government" which would be wise, honourable and in the long run, but also, to stop party dogma and working assiduously "for the preservation of the country". Mr. Richard Dunhill, chairman of Alfred Dunhill, called for secret ballots for union elections and strike decisions, effective incentives for exports and less encouragement for the "voluntarily non-working population". A Royal Commission on taxation was long overdue, said Mr. Nigel Brookes, chairman of Trafalgar House Investments. "A powerful effort is needed to simplify the present impenetrable statutory jungle which has become quite incomprehensible to most business people."

Call for more 'No Smoking' seats on trains

A CALL for more non-smoking compartments on British Rail trains has been made by Action on Smoking and Health (ASH).

Commenting on a recent survey which showed that only 40 per cent of smokers' seats were occupied on suburban lines while the figure was nearly 80 per cent on main-line services, Mr. Michael Daube, ASH executive director, said the case for increasing non-smoking accommodation "could not be greater". He added: "Surveys have repeatedly shown that both smokers and non-smokers do not want to be subjected to tobacco fumes while travelling on public transport. At present the ratio for smoking to non-smoking seats on British Rail is roughly equal."

GROUPEMENT DE L'INDUSTRIE SIDERURGIQUE G.I.S.

A company with a fully paid share capital of 400,000,000 French Francs
Head Office: 5 bis, rue de Madrid à PARIS (FRANCE)
Commercial Register: Paris B552 075 087

SECOND NOTICE TO HOLDERS OF BONDS 9 1/2% 1975-1983 OF 1,000 EUROPEAN UNITS OF ACCOUNT

The General Meeting of bondholders of the international loan 9 1/2% 1975-1983 of 1,000,000 European Units of Account, issued by the GROUPEMENT DE L'INDUSTRIE SIDERURGIQUE G.I.S. which was called for March 10, 1976, being unable to meet validly for lack of quorum, the bondholders are again convened to an Ordinary General Meeting at 5 bis, rue de Madrid, Paris (France) on April 6, 1976, at 3 p.m. in order to consider the same agenda as that for the first meeting, that is:

1. Ratification of the statutory nomination of directors of the "Société Civile" of the holders of the bonds 9 1/2% 1975-1983 in conformity with article 7 of the by-laws of that "Société Civile".

To permit the bondholders to attend or to be represented at this meeting, the buyers or their deposit receipts, must be deposited at least five days before the date fixed for the meeting, at the offices of the banks having participated in the placing of these bonds and from whom proxies or admission cards can be requested.

The Board of Directors

مكتبة النهر

NatWest Finance for growth

**Extracts from the Statement
by the Chairman, Sir John Prideaux OBE**



The Group's average deposit resources and lending continued to expand in 1975.



The confidence of the NatWest Group in the longer-term future has been shown throughout by our large capital investment programme undertaken to meet planned expansion of domestic and international business.



Direct representation in Scotland, with the opening of branches in Edinburgh and Glasgow, offers excellent prospects for the growth of Group business.



Our international operations continue to expand and to make an important contribution to Group profits.

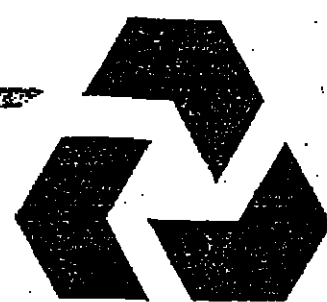


We have demonstrated a commitment to expanding our business in the United States and Canada. The opening of new offices is planned during the next few years.



There are now clear signs of a gradual improvement in the UK economy. NatWest Group has entered into substantial medium-term commitments to industry and is ready to provide industry with the necessary financial resources for a sustained recovery.

Figures taken from Group Accounts 1975	
Ordinary share capital	£183,522,000
Reserves	£661,732,000
Current deposit and other accounts	£13,238,969,000
Advances	£9,056,612,000
Group profit before allocation to staff profit-sharing	£107,830,000
Group profit after taxation but before extraordinary items	£46,438,000



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Copies of the Report and Accounts, which include the Chairman's Statement, may be obtained from the Secretary's Office, National Westminster Bank Limited, 41 Lothbury, London EC2P 2BP.

FINANCIAL TIMES SURVEY

Monday March 15th 1976

BEDFORD

Associations with John Bunyan, its most distinguished citizen, and a philanthropic Lord Mayor of London, Sir William Harpur, of the 16th century, are Bedford's historical claims to fame. The town today is moving ahead in terms which would doubtless please these noteworthy men.

Moving with the times

THERE ARE at least two statues of John Bunyan. One is at Bedford, where he is acclaimed as the town's most prominent former resident, albeit sometimes in the town jail. The other is in an obscure niche of a Kingsway, London, office block. The two have a connection which goes back over many centuries, involving a one-time Lord Mayor of London, and prominent Bedfordian, Sir William Harpur.

In the 16th century, wise Sir William invested in land close to where the Holborn Bunyan statue was subsequently erected. Over the years, the investment inevitably grew, and the resultant Harpur Trust was used to form the foundation of secondary education at Bedford. To-day, matters have turned full circle. For, on the site of one of its schools, the Harpur Trust is completing Bedford's latest shopping complex, the Harpur Centre.

What Bunyan or Harpur would have thought of modern Bedford is a matter of speculation: Bunyan, by the way, has

his own leisure complex named after him. Certainly they would have recognised little of the county town that has grown into considerable commercial and industrial prominence.

For one thing, Bedford has grown in size to a current administrative population of 130,000, serving a total catchment population approaching the 1 million mark. Much of this development took place in the 19th and present centuries, due to two factors—industrialisation and the commuter proximity of the town to London, just 50 miles to the south.

Good rail and motorway communications have stepped up the number of people who choose to live in the charming environment of Bedford, while working in London. Conversely, Bedford has proved attractive to enterprises wishing to move to its industrial estates and commercial developments and become the headquarters for several national concerns. For Bedford, the ease of communication with London has worked in both directions, and provided valuable employment for the town.

The North Bedfordshire Borough Council, the district council responsible for Bedford's local government, has—in the short years of its existence—developed well. It has also come under fire, as have most other local authorities, for alleged overstaffing and overspending, from some of the town's commercial interests.

Much of the criticism stems from the duty of the local authority, a duty Bedford does well to provide such things as leisure amenities, which seldom can be made to work at a profit. As Bedford politicians point out,

those amenities provided by the local authority are those which the private sector finds unattractive because they are likely to be unprofitable. It is an argument which is bound to continue for some time.

Putting to one side the cry that there are too many chiefs and not enough Indians, current pressure on the local authority to cut its level of spending has given rise to some possibility of redundancies among Bedford's administrators.

Shared

It is a problem shared by district councils throughout the country, but one which is bound to concern Bedford's local authority administrators. For the town has built up a creditable array of amenities and involved itself in considerable municipal projects, such as housing, over the past decade.

They would appear to have little room to manoeuvre, as most of the cost goes on salaries, essential expenses, training costs, and other items on which it would be damaging to cut back in size and variety. Bedford is a relatively typical district council, with commercial, industrial, and domestic commitments to fulfil. The suggested 2.6 per cent. cutback in administrative costs might be met by natural wastage and a non-replacement policy, but the local authority workers would appear at least to be faced with the threat of either more work for the same salary or possible redundancies.

What the effect of this would be on the quality of life in Bedford is difficult to judge. In the short term, it would be unlikely



The town centre.

This Report was written by Roger Beard

to have much effect except on the agents call "residentially desirable." It is industrially active, and yet retains a relatively slow pace of life.

This tranquillity is reinforced for the visitor by the passage through the town of the Great Ouse, a natural amenity once navigable from the town to the Wash, and still widely used for rowing, other small-boating ac-

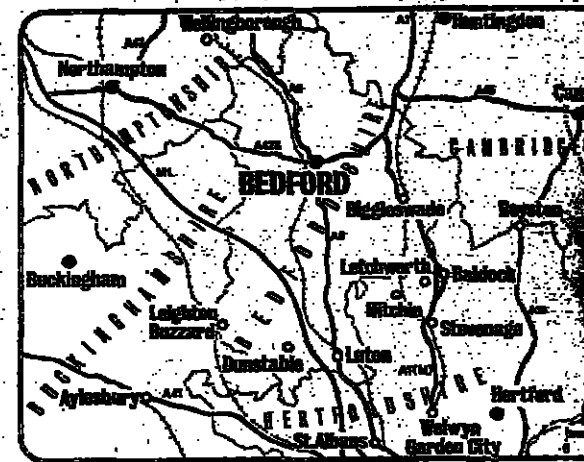
tivities, and angling. The Ouse at Bedford is a credit to the town, well landscaped, and with some 12 miles of riverside walks which would be of even greater interest should the river be made once again fully navigable.

Bedford's present balance may in the long term come under threat from two projects, worthwhile in themselves but outside the control of the local and county authority. The three components of housing, industry, and commerce which have created that balance are also to be found at the new town developments at Milton Keynes and Northampton.

Milton Keynes is only 17 miles away, with Northampton a further four miles distant. Milton Keynes, particularly, is an ambitious project which will have a very great impact on the region. With a planned population of 250,000 and attendant industrial expansion, there is some danger that it may overshadow established communities such as Bedford.

Nevertheless, the district's policy over the years of encouraging industrial diversification and mixed development has to date paid off. Commercial developments such as the Harpur Centre may not be able to compete in size with the vast centre planned for Milton Keynes, but it has one advantage. Bedford already has its catchment hinterland, and has taken care to integrate the car park facilities into central commercial development.

As the administrative headquarters for Bedfordshire, and the base for several government offices, Bedford is a considerable employer of civil and public



servants. The Harpur Trust retained its links with tradition, has been carried through to the publicly provided industrial and further education sector, and to enterprises and the can takes with its own o of 250,000 and attendant institutions which have become green space. Yet o established close to the town, feeling that London far away, though just far not to overshadow in the way that Mill unfortunately might

Advantage

Bedford is difficult to compare with those other towns in the London ring which have increasingly attracted firms and people wishing to escape from the pressures of the metropolis. It has few visible drawbacks, and the added advantage of several market town, while well-preserved small communities has been of sufficient standard to attract modern of industrial structure.

Take a touch of Aylesbury, mix government may milk shake in some Ashford, mix government may milk with a pinch of Ipswich, and Bedford's progress Bedford is distinctly East literature the Anglian in feel, perhaps because tinker is unlikely of the river, and has also its character without

In line with economy...

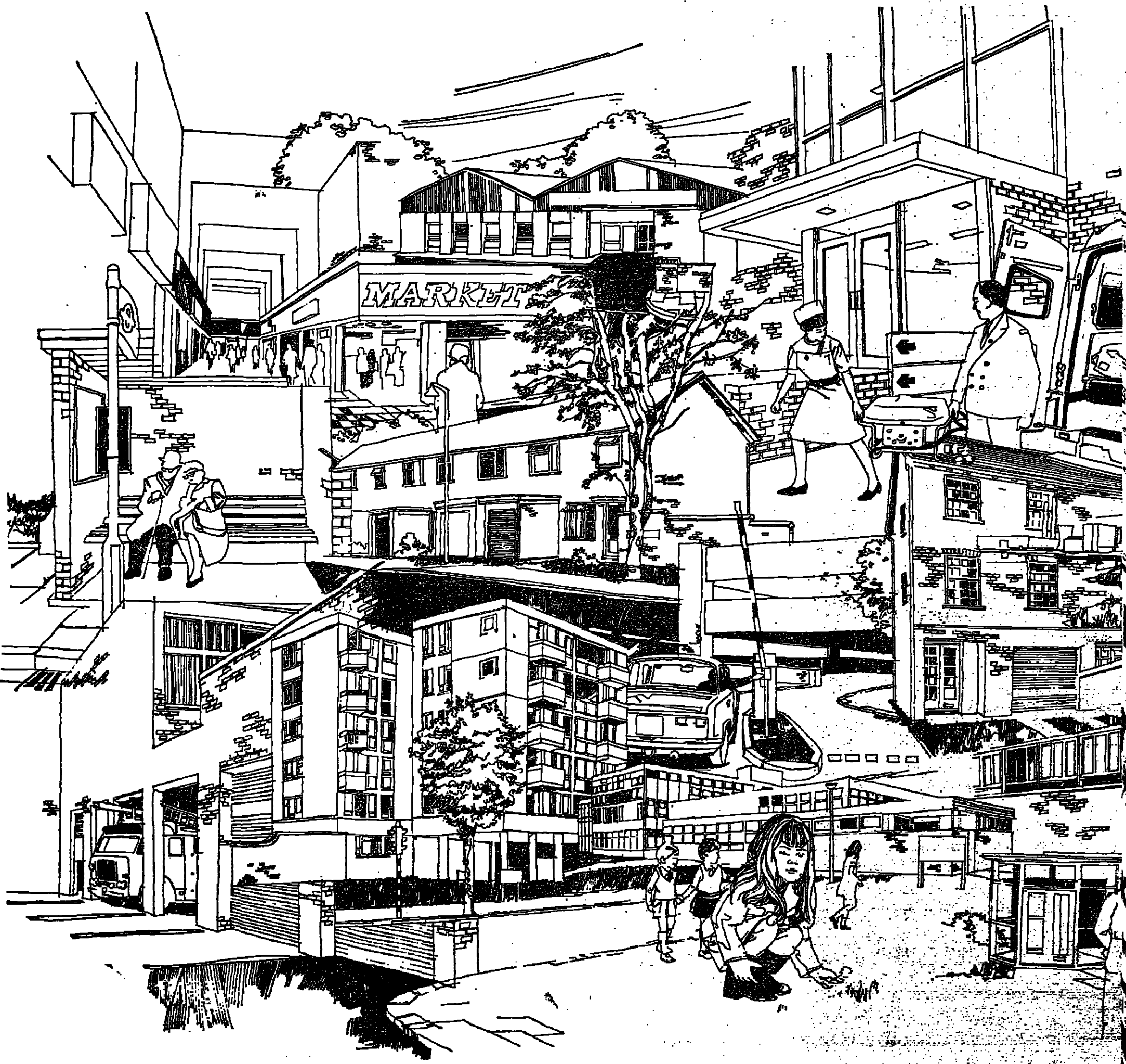
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John Beard

BEDFORD II

Commercial enterprise

RPUR Centre, built on the old Bedford school, is the latest symbol of commercial enterprise which has brought Bedford from 16,000 a century ago to its 30,000. Smack in the heart of the town, it perpetuates the name of the family which has had a considerable impact on the town's development. The 140-year-old facade is preserved within the development, the Harpur Centre is both architecturally and a pleasant environment. It is thought to bring even more customers to Bedford's commercial centre.

Centre is made up of five departmental stores, with two dozen shop units of varying size, and some 10,000 square feet of office space, and is faced by main shopping streets on two sides, close to convenient car parking facilities. Considerable care has been taken to ensure that all aspects of the development are of a high environmental standard.

In common with similar commercial developments elsewhere, the Harpur Centre lays great emphasis on architectural continuity, and the upkeep of good standards for which a manager appointed through the Trust will be responsible. To achieve this they have set out guidelines, particularly for those retailers fitting out their shops.

To be let on 20-year leases, the rents per annum for these latest additions to Bedford's retail stock range from £30,000 down to £8,750, depending on

area, frontage, and location. For prospective lessees there is the added attraction that W. H. Smith, Boots, and Littlewoods have all reserved stores within the development.

As would be expected in a major retailing centre, the other national multiples are represented in the shopping streets which adjoin the Harpur Centre, together with a variety of smaller stores which complement them to give central Bedford the complete high-street retail range. Car-parking facilities have been provided by the local authority, and a considerable amount of pedestrianisation aids easy shopping.

At one time, Bedford meant brickfields and agriculture, particularly the manufacture and servicing of agricultural equipment. In post-war years particularly, a broad range of industry has been attracted to the town through the siting of industrial estates close in towards the town. It includes confectionery, electronics, greeting card manufacture, warehousing and distribution, together with a number of servicing industries.

Availability

The commercial and industrial attraction of the town depends on site availability and the town's location close to the road and rail links between the north and the south of the country. Bedford is between the M1 and A1 trunk routes, and is on the main line north from St. Pancras. Luton Airport is some 20 miles away, and there are available shipping outlets from the East Anglian ports 100 miles across country to the East.

The variety of Bedford industry is reflected in a labour pool with a wide range of skills, and is aided both directly and indirectly by the presence in the area of such august institutions as the Cranfield Institute of Technology, and other



A suspension bridge over the River Ouse at Bedford.

organisations researching into modern technology.

The Planning and Development Department of the North Bedfordshire Council retain an active interest in the development of industrial estates to increase the industrial diversification of the area. Though agriculture still plays an important part in Bedford life, the factories are being developed with a square footage, for example, of more than 30,000 square foot for modern manufacture of a wide range of components.

This is one way in which the town is seeking to beat off the challenge set by Milton Keynes and Northampton. For, though Bedford is a most attractive residential town, it must keep pace industrially as well as commercially with a deliberate policy of industrial diversification.

The educational facilities which are necessary to provide a trained work force are mainly

administered through the county council education authority which has at Bedford a 6,000-student further education college. This caters for a wide range of medium level industrial and technical skills, while continuing the education of the young Bedfordians.

Industry has also made its contribution to the social make-up of the town, where there has always been a traditional attraction for immigrant labour from the early development of the brickfields onwards. This tradition has been maintained and, through the active encouragement of industrial growth, Bedford has developed a polyglot and mixed community.

The past year is hardly one where one could judge a particular community's economic health. Commerce and industry have both slowed down. Nevertheless, Bedford's continued commercial and industrial vigour have laid the founda-

tions for further prosperity as the country climbs out of the present recession.

Other communities may have more direct central government encouragement, be they new towns or in the development areas. Bedford has none of these advantages; instead it must attract what industry and trade it can through its own efforts. Geographical location and a pleasant environment undoubtedly help the town towards this end.

What helps considerably more are the efforts the community is making on its own behalf, through such ventures as the Harpur Centre, and a planned, similar local authority development, and the encouragement of industry. What Bedford lacks in development grants, it makes up for in verve and pugnacious determination.

John Bunyan might not recognise the place, but he would recognise its spirit. In common with the care the town is taking to preserve what is good of the old, it is making headway in protecting its regional, commercial dominance and expanding its industries. Bunyan might have turned from a life of debauchery to one of piety, but he retained a certain pugnacious spirit. The Bedford riverside, the slow pace of life, the air of the market town may all belie this. The retail and commercial developments and the industrial estates do not. If they are the indicator of the town's future prosperity, prosper it will.

Urban and rural attractions

EARLIER THIS month, Bedford completed the 200th house built on its Elm Farm estate since the estate was started one year ago. This is the manner in which the housing authority is attacking the ambitious housing target it set itself at that time to build 2,000 homes within five years.

In areas throughout the district, and on sites already earmarked for the purpose, the municipal authorities have plans for a wide range of accommodation to meet Bedford's housing need within the public sector—a need which is undeniable and characteristic of the housing pressures on the South East. The council also actively encourages housing associations and has contributed already to the building of 900 units in this sector. In the private sector, however, there are some pleasant surprises for the commuter prepared to travel the 50 miles north of London rather than 50 miles south to the commuter coastal resorts. For people moving to work at Bedford, and live in the surrounding villages, the surprises can be even more pleasant. For Bedford property represents good value for money.

Post-war, three-bedroomed, semi-detached houses, with two reception rooms, and considerable garden space, can be bought for £10,500, and there are available modern terraced

three-bedroomed houses in the £9,000 range—a price all but unheard of closer into town. Older property, suitable for conversion or modernisation, can be had for as little as £7,500.

Detached, executive housing is, of course, a good deal more expensive, and depends on area or particular village. Housing close to the river, modern, detached, and with four bedrooms, costs in the order of £25,000. There are, though, more compact detached houses available in the £15,000 range. Country properties in more picturesque settings fetch correspondingly more than their town counterparts.

For instance, at the moment a massive Jacobean manor house, set in two acres of land, in a small Bedfordshire village, was open to offers in the range of £30,000. This, still, however, seems good value against similar property set the same distance from London but in a different county.

Newcomer

Fats are a comparative newcomer to the Bedford property market. Surprisingly, they are more expensive than the similar accommodation houses, partly because they are usually centrally situated or because they are built with exclusivity in mind. They come high and low. Low rise two-bedroomed flats can run from £16,000 upwards, and there is at least one high rise three-bedroomed flat for which £22,000 is being asked. Though flats can be had more cheaply.

The benefits of living in Bedford are many. Together with the River Ouse, and the town's natural parkland, there is a wide variety of nearby attractions. These include the district rural parishes, with their ancient churches and country houses, Whipsnade Zoo, Woburn Abbey, and Luton Hoo.

If playing the tourist palls, there are also attractions closer to hand. Public recreational facilities include a recent golf course, swimming pools, a civic theatre, museums, and public halls.

Education in the public sector is organised on the three-tiered comprehensive pattern, and in the private sector is represented by the four schools established under the Harpur Trust. These work closely with the local authorities, as befits the Trust's tradition, and there is an additional number of private educational establishments in the town. Mander College of Further Education serves post-school needs and there are two colleges providing special teacher training for

students drawn from all over the country, as well as locally.

As important as the formal amenities and the educational facilities, are those activities in which public participation plays the major part. Some of these are, of course, rural, but others such as music festivals and thriving amateur dramatics appeal to people throughout the area. The Civic Theatre is a favoured venue for both the more formal and informal cultural activities which characterise the town.

John Bunyan himself lends his name to his own recreational centre, which shares its facilities, both sporting and cultural with the nearby secondary school. It might be a little more noisy than Bunyan would have liked, but it seems fun.

In towns seeking diversification there is always emphasis placed on what rural attractions they can offer the town. Bedford is no exception. Fishing, boating, ease of access to East Anglia, and to the bright lights of London, vie with each other as additional attractions in the town. But it is the town's own efforts which appear the most commendable.

They do not have everything. Until the latest stage of development they had even less. Nevertheless, the local population and the local council has kept up with the current needs of the town. Dual use of educational and leisure facilities is an idea which has been tried in many localities. At Bedford, constrained by limitations on public spending, every effort has been made to ensure that all such development is put to the maximum use.

Bedford in the heart of England

Bedford is not just geographically in the heart of England. First-class roads and railways make London, the Midlands and the East Coast ports easily accessible. International airports at Heathrow, Birmingham and Luton are only an hour or so away.

These excellent communications make Bedford the ideal place to set up business, and the town itself offers unrivalled opportunities for industrial development.

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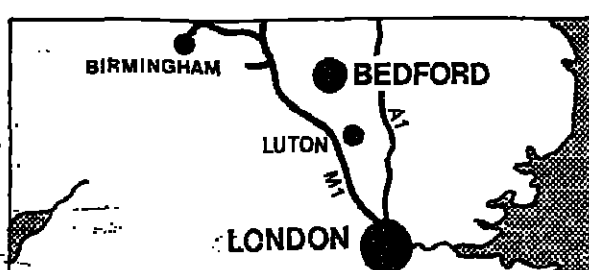


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Bedford is the thriving County town of Bedfordshire. Situated on the attractive River Great Ouse, it is a busy market town which has something for everybody. Housing standards are high, educational facilities are second to none and recreational opportunities abound.



You will need to know a lot more about Bedford and all it offers — so contact Mr Derek Phipps, Chief Estates Surveyor, Department of Planning and Development, North Bedfordshire Borough Council, Town Hall, Bedford. Tel. 67422 Ext 204.

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